FINANCIAL STATEMENTS AND OPERATING RATIOS

for the

Mortgage Banking Industry

Trends Report Number 42
June, 1989

Mortgage Bankers Association of America

1987

PREFACE

The 1987 Financial Statements and Operating Ratios, published annually by the Mortgage Bankers Association of America, is the twenty-fourth report in a series published since 1963. This report provides balance sheet and income statement data supplied by 173 mortgage companies. Their efforts in providing the Association with this information is most appreciated, for without their cooperation this report would not have been possible.

Overall, 1987's Financial Statements and Operating Ratios data reflect an industry reacting to sudden and harsh changes in the economic and financial environment. After enjoying high profitability in 1986 as a result of soaring origination volume and declining interest rates, the mortgage banking industry saw their gains turn to losses in 1987 when sharp jumps in interest rates in the spring and fall resulted in a steep decline in in-house originations. Firms attempted to compensate for the lost revenue from origination and marketing by increasing their servicing portfolios through large amounts of purchased production and bulk purchases of servicing, resulting in a substantial increase in loan administration income. However, this was not enough to prevent a decline in gross income.

On the expense side, costs were driven up sharply by declining productivity in originations, continued heavy foreclosure losses, additions to the amortized cost of purchased servicing and escalating personnel expenses. With total income falling and total expenses increasing, the average firm in our survey reported a negative before-tax net operating income. Firms were able to recoup this loss through an unusually large net nonrecurring gain (primarily due to large bulk sales of servicing) which helped to reduce the decline in after-tax net income. However, despite attempts to save the bottomline, mortgage bankers in our survey suffered their lowest profit margin since 1975 and the lowest rates of return on assets and equity since 1976.

Fluctuations in the general economy played a large role in mortgage bankers' 1987 performance. During the first quarter of the year, rates on fixed-rate mortgages (FRMs) declined to the lowest level in a decade. In this environment, the majority of home buyers elected to finance their purchases with FRMs and mortgage bankers were able to capture about one-third of the single-family origination market. However, market share began to erode in the second quarter after FRM rates jumped to almost 11 percent in May. Rates retreated in the summer only to rise again to almost 12 percent just prior to the stock market crash in October. The run up in rates in the spring and fall depressed activity in the single-family housing industry, caused a sharp drop-off in refinancings and induced consumers to switch to adjustable-rate mortgages (ARMs). As consumers shifted to ARMs, demand for FHA-VA loans, the mainstay of mortgage bankers, fell drastically, resulting in mortgage bankers' share of the single-family origination market falling to 22 percent by yearend. In terms of dollar volume, the industry's single-family origination volume declined from about $160 billion at the end of 1986 to about $80 billion at the end of 1987.

It is disturbing that several of the trends which contributed to 1987's difficulties continued in 1988. Mortgage bankers' volume of single-family originations declined by 23 percent in 1988 in the wake of gradually rising mortgage rates and an increasing market share of ARMs. To compensate for lost revenue from originations, the trend toward purchased servicing among well-capitalized firms -- either on a flow or bulk basis --is sure to continue. Moreover, sales of servicing will continue to be modus operandi for firms which are forced to liquidate assets.On the expense side, the trend toward purchased servicing will add further to the amortized cost of purchased servicing, the fastest growing expense item in the 1987 survey. Moreover, as the industry continues to be plagued with REOs and foreclosures, we are likely to see further increases in the provision for loan losses. Finally, as competition intensifies due to declining origination volume, firms will incur additional costs associated with scaling back operations.

There are no easy solutions to the problems facing the mortgage banking industry. However, we are beginning to see some encouraging signs. First, there are the five firms in our 1987 survey who were able to increase their profits in a year of retrenchment for the majority of the mortgage banking industry. Second, recent results of MBA's quarterly Ratio Analysis Survey (RAS) reveal that some firms are successfully coping with their new environment and have increased their overall productivity and profitability. Admittedly these are rather small samples, but hopefully the achievements of these firms will spread throughout the rest of the industry.

This report was prepared by the Economics Department under the supervision of Lyle E. Gramley, Senior Staff Vice President and Chief Economist. The analysis was developed and written by Michelle Campbell, Economist, with consultation by Richard W. Peach, Deputy Chief Economist. The data which form the basis for this report were collected by Laura Gorman, Surveys Supervisor, under the general direction of Richard Freeman, Associate Director for Survey Development, with the assistance of Shirley Davis, Senior Survey Analyst and Carlos Dávila, Survey Analyst. Systems and computer program support were provided by Richard Freeman and Richard Murray, Programmer/Analyst. Special thanks to Dianne Shearin who, produced numerous drafts of this document, and to Carlos Dávila, who prepared the text and tables using desktop publishing equipment.

Warren Lasko
Executive Vice President
Mortgage Bankers Association of America

CONTENTS

	Page
Preface	1
Mortgage Banking 1987	5-19
I. Introduction	5
II. The Business Environment	7
III. The Average Firm in the Industry	9
1987 Financial Statements and Operating Ratios	
Comparative Income Statement - 1987	
Table	
1.01 By Millions of Dollars of Total Mortgage Originations (In-House and Purchased)	22
1.02 By Percent of 1- to 4-Unit Purchased Production to Total 1- to 4-Unit Production	23
1.03 By Millions of Dollars of Mortgage Loans Serviced	24
1.04 By Percent of Income Property Loans Closed to Total Loans Closed	25
1.05 By Percent of Income Property Loans Serviced to Total Loans Serviced	26
1.06 By Type of Ownership	27
Income Statement 1987 - Average Firm	
Table	
2.01 By Millions of Dollars of Total Mortgage Originations (In-House and Purchased)	30
2.02 By Percent of 1- to 4-Unit Purchased Production to Total 1- to 4-Unit Production	31
2.03 By Milions of Dollars of Mortgage Loans Serviced	32
2.04 By Percent of Income Property Loans Closed to Total Loans Closed	33
2.05 By Percent of Income Property Loans Serviced to Total Loans Serviced	34
2.06 By Type of Ownership	35
Comparative Balance Sheet - 1987	
Table	
3.01 By Millions of Dollars of Total Mortgage Originations (In-House and Purchased)	38
3.02 By Percent of 1- to 4-Unit Purchased Production to Total 1- to 4-Unit Production	39
3.03 By Milions of Dollars of Mortgage Loans Serviced	40
3.04 By Percent of Income Property Loans Closed to Total Loans Closed	41
3.05 By Percent of Income Property Loans Serviced to Total Loans Serviced	42
3.06 By Type of Ownership	43
Balance Sheet 1987 - Average Firm	
Table	
4.01 By Millions of Dollars of Total Mortgage Originations (In-House and Purchased)	46
4.02 By Percent of 1- to 4-Unit Purchased Production to Total 1- to 4-Unit Production	47
4.03 By Milions of Dollars of Mortgage Loans Serviced	48
4.04 By Percent of Income Property Loans Closed to Total Loans Closed	49
4.05 By Percent of Income Property Loans Serviced to Total Loans Serviced	50
4.06 By Type of Ownership	51
Selected Ratios - 1987	
Table	
5.01 By Millions of Dollars of Total Mortgage Originations (In-House and Purchased)	54
5.02 By Percent of 1- to 4-Unit Purchased Production to Total 1- to 4-Unit Production	55
5.03 By Milions of Dollars of Mortgage Loans Serviced	56
5.04 By Percent of Income Property Loans Closed to Total Loans Closed	57
5.05 By Percent of Income Property Loans Serviced to Total Loans Serviced	58
5.06 By Type of Ownership	59
Mortgage Banking Historical Trends, 1983-1987	
Table	
6.01 Comparative Income Statement, Average Firm	62
6.02 Income Statement, Average Firm	63
6.03 Comparative Balance Sheet, Average Firm	64
6.04 Balance Sheet, Average Firm	65
6.05 Selected Ratios	66
Appendices	67-75
Notes	77

MORTGAGE BANKING IN 1987

I. Introduction

Declining in-house mortgage originations, an unfavorable marketing environment and increasing costs for origination and servicing combined to make 1987 an extremely difficult year for the mortgage banking industry. However, slackened loan origination and marketing income were offset in part by an increase in loan administration income resulting from an increased flow of purchased production and bulk purchases of servicing rights. Nevertheless, rising costs cut mortgage bankers' after-tax profit margin by more than one-half in 1987 to 3.12 percent from the 7.05 percent figure of 1986.

Fluctuations in the general economy played a large role in mortgage bankers' 1987 performance. During the first quarter of the year, rates on fixed-rate mortgages (FRMs) declined to below 9 percent, the lowest level in a decade. The majority of homebuyers elected to finance their purchases with FRMs. In fact, in April just 22 percent of conventional loans closed were adjustable-rate loans. In this fixed-rate loan environment, mortgage bankers were able to capture about 31 percent of the single-family origination market, a market which was unusually strong due to active home sales and the continuation of a high refinancing volume. However, market share began to erode in the second quarter after FRM rates jumped to almost 11 percent in May. Rates retreated to the 10 to 10 1/2 percent range in the summer, but then rose again to almost 12 percent just prior to the stock market crash in October. The run up in rates in the spring and fall depressed activity in the single-family housing industry, caused a sharp drop-off in refinancings and induced consumers to switch to adjustable-rate mortgages (ARMs). By December, approximately 70 percent of conventional loans closed were ARMs. As consumers shifted to ARMs, demand for FHA-VA loans, the mainstay of mortgage bankers, fell to 12 percent of the market by yearend from 20 percent at the beginning of the year. As a result, mortgage bankers' share of the single-family origination market fell to 22 percent by yearend. In terms of dollar volume, the industry's origination volume declined from about $160 billion at the end of 1986 to about $80 billion at the end of 1987.

For all of 1987, the average firm in our survey reported a 1.5 percent decline in in-house single-family origination volume to $358.2 million. In-house originations of income property loans fell almost 15 percent to $55.0 million. Total in-house originations, single-family and income property, dropped about 4 percent for the average firm to $413.2 million. However, declining in-house originations were supplemented by a large increase in purchased production for both single-family and income property loans. Total purchased production for the average firm increased 11 percent, with single-family purchased production growing by 9 percent to $183.7 million and income property purchased production up 46 percent to $11.5 million. As a result, total production, in-house and purchased, increased 0.6 percent at the average firm to $608.4 million.

While total origination volume was essentially unchanged, the servicing portfolio of the average firm grew 30 percent in 1987 to $2.4 billion, reflecting a large increase in purchased servicing.

Table 1
Analysis of Profitability for the Average Firm
(Dollars in Thousands)

	5-Year Average	1987	1986	1985	1984	1983
Average Assets[1]	N.C.	$152,853	$138,667	$92,349	$71,560	$62,213
Average Equity[1]	N.C.	$ 16,211	$ 14,571	$11,886	$ 9,284	$ 7,604
Income	N.C.	$ 27,751	$ 28,684	$19,583	$16,446	$15,208
Net Income (after tax)	N.C.	$ 866	$ 2,023	$ 1,350	$ 1,321	$ 1,710
Profit Margin (after tax)	7.27%	3.12%	7.05%	6.89%	8.03%	11.24%
Asset Turnover[2]	21.50%	18.20%	20.70%	21.20%	23.00%	24.40%
Return on Assets (after tax)	1.62%	0.57%	1.46%	1.46%	1.85%	2.75%
Leverage[3]	8.52	9.43	9.52	7.77	7.71	8.18
Return on Equity (after tax)	13.64%	5.34%	13.88%	11.36%	14.23%	22.49%

[1] Average assets and average equity are calculated by averaging beginning of year and yearend figures.
[2] Total income divided by average assets.
[3] Assets divided by equity.
N.C.= Not Calculated

The sizeable increase in purchased servicing contributed to a 10 percent increase in average assets to $153 million. The increase in assets was funded by a 10 percent increase in average liabilities to $136 million and an 11 percent increase in average equity to $16 million. The growth in both of these categories was substantially less than that in 1986 when average liabilities grew by 54 percent and average equity increased 23 percent. Leverage (average assets divided by average equity) decreased in 1987 to 9.43 from 9.52 in 1986.

Total gross income of the average firm declined modestly in 1987, but there were dramatic shifts in the individual sources of income. After increasing by more than 300 percent in 1986, marketing income plummeted 60 percent in 1987. Loan origination income fell 2 percent and interest income dropped nearly 7 percent. Both of these income categories had grown by about 50 percent in 1986. These declines were offset in part by a 27 percent increase in loan administration income. However, despite the increase in loan administration income, total income at the average firm fell 3 percent in 1987 to $27.8 million. With rising average assets but falling gross income, asset turnover also declined in 1987, falling to 18.2 percent from 20.7 percent in 1986.

While gross income fell only modestly, profits were squeezed by a 13 percent increase in total expenses. For the average firm in our survey, total personnel expenses rose almost 14 percent while nonpersonnel expenses rose 13 percent. The especially large rise in amortized cost of purchased servicing, the fastest rising expense item, reflects the continued trend toward purchased servicing. The increase in personnel expenses reflects in part a 2 percent increase in the total number of employees due to the large growth in the average servicing portfolio. On average, the number of servicing employees increased 14 percent while the number of origination employees declined 7 percent. Servicing productivity, as measured by the number of loans serviced per loan administration employee increased 2 percent to 543 from 533 in 1986. In contrast, the lower volume of in-house originations resulted in a decline in the number of loans closed per origination employee to 33 from 34 in 1986.

The combination of the large increase in total expenses and decline in total income resulted in a drop in before tax net operating income to -$680,000 from $3.6 million in 1986. However, an unusually large net nonrecurring gain of $2.1 million (primarily due to proceeds from bulk sales of servicing) helped to limit the fall in after-tax net income to $866,000, a 57 percent drop from 1986.

With both lower net income and reduced leverage the rate of return on assets and equity dropped to the lowest levels in 11 years. The return on assets fell to 0.6 percent, down 59 percent from the 1.46 percent reported in 1986, while the return on equity fell to 5.3 percent from 13.9 percent in 1986.

Table 2
The Real Estate Lending Business Environment in 1987

	Mortgage Interest Rates [a]	Existing Home Sales [b] (000s of Units)	Housing Starts [c] (000's of Units) One- to Four-Family	Housing Starts [c] (000's of Units) Multi-family	Construction Contracts for Commercial and Industrial Buildings (mil. sq. ft.) [d]	Construction Put-in-Place Nonresidential Buildings [e] (billions of 1982 dollars)
1986:Q4*	9.42%	3,890	1,249	467	77.66	$79.0
1987:Q1*	8.85%	3,640	1,325	454	77.22	$76.1
Q2*	10.32%	3,637	1,209	396	79.72	$76.2
Q3*	10.72%	3,437	1,209	409	85.14	$79.4
Q4*	10.76%	3,390	1,146	387	80.83	$80.8
1986	9.91%	3,565	1,268	545	77.06	$79.8
1987	10.16%	3,526	1,222	412	80.73	$78.2
Percent Change: 1986 to 1987	0.25% Percentage Points	1.1%	(3.6)%	(24.4)%	4.8%	(2.0)%
1986:Q4 to **1987**:Q4	1.34% Percentage Points	(12.9)%	(8.2)%	(17.1)%	4.1%	2.3%

*Seasonally adjusted annual rates except for interest rates.
[a] Average yield for FHA 203b mortgages for immediate delivery.
Source: U.S. Department of Housing and Urban Development.
[b] Source: National Association of Realtors.
[c] Source: U.S. Bureau of the Census.
[d] Source: McGraw-Hill Information System Co., F.W. Dodge Division. Seasonally adjusted using U.S. Bureau of the Census seasonal factors.
[e] Source: U.S. Department of Commerce, Bureau of the Census.

II. The Business Environment

The year 1987 will long be remembered as one of unprecedented volatility in prices of financial assets. Mortgage rates, in particular, ranged from below 9 percent for FRMs during the first three months of the year to near 12 percent prior to the stock market crash in mid-October, and then fell back to about 10 1/2 percent by yearend. However, despite these fluctuations in mortgage rates, the housing industry proved to be remarkably resilient. Roughly 1.22 million new one- to four-family homes were started, just 3.6 percent below the 1986 pace, and approximately 3.53 million existing single-family homes were sold, just 1 percent below the 1986 level. The multifamily housing market was not as fortunate; multifamily starts fell approximately 25 percent below the 1986 level to 412,000 units. On the other hand, nonresidential construction rose modestly in 1987.

1987 began with much optimism within the housing industry as mortgage interest rates continued the decline begun in late 1985. By the start of 1987, rates on FRMs had dipped below 9 percent and remained there for the first three months of the year. Activity in the housing industry responded to the decline in mortgage rates as one- to four-unit housing starts increased to an annual rate of 1.325 million units in the first quarter of 1987, 6 percent above the pace of the fourth quarter of 1986.

However, from late March through the end of May, this optimism was dashed as credit markets reacted adversely to stronger economic growth, fears of higher inflation and concerns about the high U.S. merchandise trade deficit. Over this two-month period rates on FRMs went from below 9 percent to almost 11 percent. In the summer months, the credit markets calmed somewhat and rates on FRMs declined to the 10 to 10 1/2 percent range. However, by the fall, strong economic growth resulted in FRM rates climbing to almost 12 percent just prior to the stock market crash on October 19. In the wake of the crash, rates on FRMs retreated to about 10 1/2 percent by yearend.

The increase in mortgage rates depressed activity in the housing industry with single-family housing starts declining to an annual rate of 1.146 million units by the fourth quarter, 8 percent below the fourth quarter of 1986. Sales of existing single-family homes also slowed, declining almost 13 percent over the same period to roughly 3.4 million units. Originations of single-family mortgages, after increasing more than 11 percent in the first half of the year, fell 38 percent in the second half of the year. Much of the decline in originations was in FHA/VA mortgages which fell from roughly 20 percent of single-family origination volume in the first quarter of 1987 to 12 percent by yearend. The drop in FHA/VA lending activity corresponded to an 8 percentage point increase in conventional mortgage lending between the first and fourth quarters of 1987 to 88 percent of single-family originations.

For the year as a whole, a brisk level of refinancing activity in the first half of the year combined with a switch to ARMs in the latter half of the year to result in single-family mortgage originations increasing 2.7 percent above the 1986 level. Our estimates suggest that refinancing activity in the first 5 months of 1987 ran very close to that in the last 6 months of 1986 -- approximately half of total single-family origination volume. However, refinancing volume fell sharply with the rise in rates on FRMs and by yearend had returned to the more normal level of 10 to 15 percent of single-family originations. For the year, we estimate that refinancings represented around 40 percent of total volume compared to about 45 percent in 1986.

With long-term interest rates rising much more than short-term interest rates from late March through May, the spread between FRMs and ARMs increased from one percentage point during the first quarter to over two percentage points by mid-year. Effective initial interest rates on ARMs remained in the single digits throughout the year, prompting a massive switch to ARMs. From April through the end of the year, the ARMs' share of conventional loans closed grew from 22 percent to almost 70 percent.

Table 3
Total Originations of Long-Term Mortgage Loans

	Billions of Dollars		Percent Change	Percent of Total Originations		Percent of 1- to 4-Family Originations		Mortgage Bankers Share	
	1986	1987	1986 to 1987	1986	1987	1986	1987	1986	1987
Total 1- to 4-Unit	$444.5	$456.5	2.7 %	66.7%	65.5%	100.0%	100.0%	27.2%	25.6%
FHA	$ 57.0	$ 53.4	(6.3)%	N.C.	N.C.	12.8%	11.7%	83.9%	73.8%
VA	$ 27.3	$ 23.4	(14.3)%	N.C.	N.C.	6.1%	5.1%	83.1%	71.8%
Conventional	$ 360.2	$379.7	5.4 %	N.C.	N.C.	81.0%	83.2%	14.1%	16.0%
Multifamily	$ 51.7	$ 5 2.1	0.8 %	7.8%	7.5%	N.C.	N.C.	17.5%	18.4%
NonResidential	$ 160.6	$180.0	12.1 %	24.1%	25.8%	N.C.	N.C.	10.8%	7.9%
Farm	$ 9.8	$ 8.4	(14.2)%	1.5%	1.2%	N.C.	N.C.	N.C.	N.C.
Total	$ 666.6	$697.0	4.6 %	100.0%	100.0%	N.C.	N.C.	22.2%	20.2%

Source: HUD, Survey of Mortgage Lending Activity and MBA's Loans Closed and Servicing Volume for the Mortgage Banking Industry.
N.C. = Not Calculated

While the massive switch to ARMs can be credited with maintaining healthy levels of housing industry activity for the year, it had major negative implications for the mortgage bankers' share of the single-family origination market. As the ARMs' share of the conventional market grew over the latter half of the year, mortgage bankers' share of single-family originations declined almost 9 percentage points from about 31 percent in the first quarter to 22 percent in the fourth quarter. As the year progressed consumer preferences shifted from predominately fixed-rate loans, for which the mortgage banking industry can effectively compete, to predominately adjustable-rate loans, for which the industry has difficulty competing against the "teaser" rates offered by the thrift industry.

While single-family housing fared reasonably well in 1987, such was not the case for the multifamily segment of the industry. Multifamily housing starts dropped for the second consecutive year and in 1987 were down to an annual rate of 412,000 units, 28 percent below their previous peak in 1985. While tax reform clearly reduced the attractiveness of this type of investment, the significant regional variation in the behavior of multifamily starts suggests that supply/demand imbalances may have been the primary factor behind the steep decline in multifamily starts over 1986 and 1987. For example, in the Northeast and the Midwest, which combined represent only about 30 percent of multifamily construction, multifamily starts were little changed from the 1986 level. In contrast, multifamily starts declined sharply in the South and West, falling 36 and 26 percent, respectively, from their respective 1986 levels. These areas also experienced higher rental vacancy rates over the course of the year. In the South, for example, vacancy rates averaged around 11 percent for the year compared to an annual average of about 4 percent in the Northeast.

Despite the decline in multifamily housing starts, originations of long-term loans secured by multifamily properties increased almost one percent in 1987. This rise in multifamily lending may be attributed to refinancings, turnover of the existing stock of multifamily structures and new originations. Mortgage bankers' share of the multifamily origination market increased about one percentage point in 1987 to 18.4 percent from 17.5 percent in 1986.

Construction of new commercial and industrial structures showed a modest rise in 1987. Construction contracts for com-

Table 4
Characteristics of the Average Firm in the 1987 Survey

	Average Firm in the Survey	Percent Change From 1986	Average Repeat Reporting Firm	Percent Change From 1986
Originations:				
Total ($ millions)	**$ 608.4**	**0.6%**	**$ 779.1**	**(10.6)%**
1- to 4-Unit:				
Total ($ millions)	**$ 541.9**	**1.7%**	**$ 686.8**	**(8.9)%**
In-House				
Dollar (millions)	$ 358.2	(1.5)%	$ 452.7	(10.2)%
Number	4,472	(9.8)%	5,654	(17.2)%
Percent of Total Originations	66.1%	(3.2)%	65.9%	(1.5)%
Average loan size (thousands)	$ 80.1	9.0 %	$ 80.1	8.5 %
Purchased Production				
Dollar (millions)	$ 183.7	9.0 %	$ 234.1	(6.3)%
Number	2,594	5.1 %	3,374	(5.5)%
Percent of Total Originations	33.9%	6.9 %	34.1%	3.0 %
Average loan size (thousands)	$ 70.8	3.7 %	$ 69.4	(0.7)%
Income Property:				
Total ($ millions)	**$ 66.5**	**(7.9)%**	**$ 92.3**	**(21.6)%**
In-House				
Dollar (millions)	$ 55.0	(14.5)%	$ 85.7	(20.8)%
Number	15	(44.4)%	20	(50.0)%
Percent of Total Originations	82.8%	(7.0)%	92.8%	1.1 %
Average loan size (millions)	$ 3.7	54.2 %	$ 4.3	59.3 %
Purchased Production				
Dollar (millions)	$ 11.5	45.6 %	$ 6.6	(31.3)%
Number	12	100.0 %	18	157.0 %
Percent of Total Originations	17.3%	56.3 %	7.2%	(12.2)%
Average loan size (millions)	$ 1.0	(23.1)%	$ 0.4	71.4 %
Loans Serviced:				
Dollar (millions)	$ 2,392	29.3 %	$ 3,272	20.8 %
Number 1- to 4-Unit	42,370	16.6 %	56,892	13.0 %
Number Income Property	285	4.4 %	411	1.7 %

mercial and industrial buildings, measured in millions of square feet of space, increased about 4 percent from the fourth quarter of 1986 to the fourth quarter of 1987, while the value of construction of nonresidential buildings, measured in constant dollars, increased more than 2 percent over the same period. The rise in nonresidential construction in part reflects the early stages of the capital spending boom which carried over into 1988 and the rise in retail space construction as a consequence of the growth in single-family housing construction in previous years.

Reflecting the construction activity in the nonresidential market, long-term mortgage originations for nonresidential properties were up 12 percent from 1986. Despite the increase in overall nonresidential origination volume, mortgage bankers' share of that market declined to roughly 8 percent from over 10 percent in 1986.

III. The Average Firm in the Industry

A total of 173 mortgage banking firms provided usable responses to our 1987 survey, a slight decline from the 180 firms in the 1986 survey. These 173 firms represent a diverse sample of the industry with significant variation in volume of originations, volume of servicing, income property loans as a percent of total originations, percent of in-house and purchased production to total production and type of ownership. The detailed tables in the back of this report provide average income statement and average balance sheet data, as well as other characteristics, for firms in these various categories.

In this section, detailed information on the average firm in the sample is provided. For purposes of comparison, information is also provided for 76 firms that reported to both the 1986 and 1987 surveys -- the repeat reporters. Note that in terms of average assets the repeat reporters are roughly 50 percent larger than the average firm in the survey. Moreover, the repeat reporters' total income and servicing portfolios are each roughly 40 percent greater than the survey average. Thus, comparisons between the survey average and the average of the repeat reporters shed some light on the relative performance of firms of different sizes.

Loan Production and Servicing

Table 4 provides information on the volume of in-house loan originations, purchased production and servicing portfolios for the average firm in the 1987 survey and for repeat reporters. In 1987, the average firm had in-house one-to four-unit residential loan originations of $358.2 million, a decline of 1.5 percent over the 1986 volume. The number of loans closed in 1987 decreased 9.8 percent to 4,472 while the average loan size increased 9 percent to $80,100. Purchased production of one-to four-unit loans averaged $183.7 million, an increase of 9 percent over the 1986 volume. Total one-to four-unit production, both in-house and purchased, averaged $541.9 million in 1987, an increase of roughly 2 percent over 1986 due primarily to the larger amount of purchased production. As a percent of total origination volume, purchased production represented 34 percent, compared to just under 32 percent in 1986.

Income property originations for the average firm, both in-house and purchased, totaled $66.5 million, a decline of 7.9 percent from 1986. The dollar volume of in-house income property loans for the average firm declined 14.5 percent while the dollar volume of income property purchased production increased 45.6 percent. Purchased production as a percent of total income property originations increased to 17.3 percent compared to 11.0 percent in 1986. Overall, income property lending represented 11 percent of the average firm's total production compared to 12 percent in 1986. Moreover, the dollar volume of total loan production, the sum of in-house and purchased production for single family and income property loans, was essentially unchanged in 1987, increasing just 0.6 percent following a 57 percent increase in 1986.

The average firm in the survey had a servicing portfolio of about $2.4 billion, comprised of 42,370 one- to four-unit loans and 285 income property loans. It is interesting to note that while the average firm's servicing portfolio increased about 11 percent in

Table 5
Approximate Gross Increase in Servicing Portfolio [1]

	Average Firm		Repeat Reporters	
	$ Millions	Percent of Gross Increase	$ Millions	Percent of Gross Increase
Total In-House Originations	$413.2	50.7%	$ 538.4	46.5%
Total Purchased Production	$195.2	23.9%	$ 240.7	20.8%
Bulk Servicing Purchases	$207.5	25.4%	$ 337.9	32.7%
= Gross Increase in Servicing Portfolio	$815.9	100.0%	$1,157.0	100.0%

[1] The gross increase in the servicing portfolio is calculated as the sum of total (one-to four-unit plus income property) in-house originations plus total purchased production plus bulk purchases of servicing rights. The latter is equal to the value of unamortized purchased servicing at the end of 1987, less that approximate value of servicing rights obtained through purchased production during 1987, less the value of unamortized purchased servicing at the end of 1986 net of amortization expense during 1987. An average price for servicing of two percent of the amount of the portfolio is assumed. The gross increase in the servicing portfolio differs from the net increase in the servicing portfolio in that the latter nets out prepayments and repayments. At the end of 1987, the net increase in the servicing portfolio for the average firm in the survey was $542.2 million.

1986, it increased nearly 30 percent during 1987. A primary factor is that the firms in this survey were major net purchasers of bulk servicing rights over the course of 1987. Indeed, as shown in Table 5, bulk purchases of servicing rights represented approximately 25 percent of the gross increase in the average firm's servicing portfolio in 1987.

The average repeat reporting firm had $779.1 million of total originations in 1987, 28 percent more than the survey average, and a servicing portfolio of $3.3 billion at the end of 1987, 37 percent greater than the survey average. The percentage decline of in-house single-family origination volume for these firms was significantly greater than that for the entire sample, falling 10.2 percent compared to 1.5 percent. In addition, the volume of one- to four-unit purchased production declined for the average repeat reporter, down more than six percent from 1986, compared to a 9 percent increase for the average of the entire survey.

For the average repeat reporter, income property lending represented about 12 percent of total originations, compared to about 11 percent for the average of the entire survey. However, there is a significant difference between repeat reporters and the entire sample with regard to purchased income property loans. In terms of the percentage change from 1986, the dollar volume of income property loans purchased by repeat reporters declined 31.3 percent compared to a 45.6 percent increase for the entire sample. Further, purchased income property loans were a significantly greater percentage of total income property lending for the survey average (17.3 percent) compared to the repeat reporters (7.2 percent).

Overall, repeat reporters experienced a significantly greater decline in total loan production than the survey average. The dollar volume of total loan production decreased nearly 11 percent at the average repeat reporting firm while, as noted, the dollar volume of originations was essentially unchanged for the average firm in the survey. In 1986, total loan production at repeat reporters increased almost 74 percent.

Finally, the servicing portfolio of the average repeat reporting firm increased 20.8 percent, somewhat less than that for the sample as a whole. The mix of one- to four-unit and income property loans serviced by repeat reporters was the same as that for the survey sample; 99.3 percent one- to four-unit properties and 0.7 percent income property loans. The sizeable increase in servicing portfolio in view of the decline in total originations again suggests that these repeat reporters were net purchasers of bulk servicing rights over the course of the year. This is indeed the case. As shown in Table 5, bulk purchases of servicing rights represented about 33 percent of the gross increase in the repeat reporters' servicing portfolio in 1987 -- 8 percent more than the bulk purchases of the average firm in the survey.

Both the average firm in the entire survey and the average repeat reporter experienced some increase in purchased one- to four-family originations as a percent of the total. This finding coincides with anecdotal evidence which suggests that wholesale lending has become increasingly important in recent years. Table 6 presents purchased production as a percent of total one- to four-family production cross-tabulated by both total one- to four-unit origination volume and total servicing volume. The table shows a clear trend toward greater proportion of purchased production as the size of the servicing portfolio increases. However, such a trend does not exist by size of total origination volume.

The Balance Sheet

As shown in Table 7, the average assets of the average firm in the 1987 survey increased by 10 percent during 1987 to $153 million. However, the largest component of those assets, the inventory of loans in warehouse, decreased 2 percent to $91 million. This decline reflects lower growth in the total dollar volume of originations (in-house and purchased production) and a reduction in the average number of days in inventory for one- to four-unit and income property loans in response to the unfavorable marketing environment throughout much of 1987. The survey data suggest that the average number of days in inventory for one- to four-unit loans fell to 53 days in 1987 from 82 days in 1986 while for income property loans average days in inventory dropped to 9 days in 1987 from 12 days in 1986. These results, however, are most likely statistical artifacts. The average number of days in inventory for one- to four-unit and income property loans are calculated by dividing the respective full year's origination volume by the respective yearend inventory volume (inventory turnover rate)

Table 6
Percent of 1- to 4-Family Purchased Production to Total 1- to 4-Family Origination Volume
For All Firms in the Survey
(Dollars in Millions)

	Total Origination Volume						
Servicing Volume	**Under 100**	**100 to 199**	**200 to 299**	**300 to 499**	**500 to 999**	**Over 1,000**	**Weighted Average**
Under 200	6.53%	9.33%	0.00%	0.00%	0.00%	0.00%	6.48%
200 to 499.9	20.95	15.37	10.40	0.00	0.00	0.00	17.33
500 to 999.9	36.41	22.49	7.12	7.79	34.50	0.00	21.19
1,000 to 1,999.9	36.42	38.36	13.91	7.69	1.99	0.00	16.00
2,000 to 4,999.9	81.44	77.52	50.08	32.83	12.78	0.32	30.66
5,000 or more	100.00	0.00	84.45	58.24	15.43	31.60	37.93%
Weighted Average	**20.69%**	**24.15%**	**18.76%**	**22.07%**	**11.54%**	**25.91%**	

Table 7
Balance Sheet of the Average Mortgage Banking Firm: 1987
(Dollars in Thousands)

Assets	Dollars	Percent of Total	Percent Change from 1986	Liabilities and Net Worth	Dollars	Percent of Total	Percent Change from 1986
Average Assets	$152,853	100.0%	10.2%	Average Liabilities	$136,642	100.0%	10.1 %
Total Inventory	$ 91,199	59.7%	(2.1)%	Current Liabilities	$117,680	86.1%	5.1 %
Other Noncurrent Assets	$ 37,526	24.6%	50.0%	Noncurrent Liabilities	$ 18,962	13.9%	55.8 %
• Unamortized Purchased Servicing [1]	$ 15,706	10.3%	62.4%	Average Equity	$ 16,211	100.0%	11.3 %
• Unamortized Excess Servicing Fees (net) [1]	$ 3,229	2.1%	N.C.	Retained Earnings Paid-In Capital Preferred and Common Stock	$ 4,980 $ 10,424 $ 808	30.7% 64.3% 5.0%	(9.3)% 22.1 % 48.3 %
• Goodwill (net of Amortization) [1]	$ 1,604	1.0%	N.C.				
Real Estate Owned	$ 2,474	1.6%	14.5%				
Noninterest Earning Loans	$ 1,279	0.8%	37.2%				
All Other Assets	$ 20,375	13.3%	17.0%				

[1] End of year figure only.
N.C. = Not Calculated

and then dividing 360 days by that quotient. Such a calculation gives a meaningful result when origination volume is relatively constant over the year. However, in 1987, fourth quarter origination volume was far below the annual average volume so that the yearend inventory figure was quite low relative to the annual origination figure. Therefore, the calculated days in inventory statistic is somewhat understated.

Much of the growth in average assets was due to a 50 percent increase in other noncurrent assets to $38 million, due primarily to a very sizeable increase in unamortized purchased servicing. In 1986, the first year for which separate data was collected, the unamortized value of purchased servicing was about $10 million for the average firm while in 1987 it rose to nearly $16 million, a jump of 62 percent. Assuming an average price for purchased servicing of two percent of the amount of the portfolio, purchased servicing totaled $785 million or 32 percent of the total (one- to four-unit and income property) servicing portfolio of the average firm in the survey compared to 26 percent of the total servicing portfolio of the average firm in the 1986 survey.

Another contributing factor to the growth of other noncurrent assets is the increase in acquisitions in the industry. In an acquisition, that portion of the acquisition price allocated to goodwill is included in other noncurrent assets as is the value of the acquired firm's servicing portfolio. At the end of 1987, the unamortized value of goodwill for the average firm in the survey stood at about $2 million. It is interesting to note that one out of five firms in the survey had a nonzero entry for the unamortized value of goodwill, suggesting that sometime in their history these firms had acquired or merged with another firm. (Unfortunately, goodwill net of amortization was not collected prior to the 1987 survey so it is not possible to make comparisons with previous years.)

Other factors affecting the increase in average assets include increases in both real estate owned through foreclosure and noninterest earning loans, which grew by 15 and 37 percent, respectively, reflecting the industry's continuing problems with delinquencies and foreclosures. All other assets, including receivables, marketable securities, property, equipment, and leasehold improvements, and cash, increased 17 percent to $20 million.

The increase in assets was funded by a 10 percent increase in average liabilities to $136 million and an 11 percent increase in average equity to $16 million. The growth in both of these categories was substantially less than that in 1986 when average liabilities grew by 54 percent and average equity increased 23 percent. Leverage (average assets divided by average equity) decreased modestly in 1987 to 9.43 from 9.52 in 1986. Current liabilities, defined as having a maturity of less than one year, increased five percent to $118 million following a 50 percent increase in 1986. On the other hand, noncurrent liabilities increased nearly 56 percent to $19 million compared to a 116 percent increase in 1986. As was the case in 1986, the rise in noncurrent liabilities is most likely due to longer-term financing of acquisitions and purchased servicing.

INTENTIONAL
BLANK

As in the last few years, the bulk of the increase in equity in dollar terms was in paid-in capital, which rose 22 percent. However, in contrast to the previous year, preferred and common stock was the fastest growing component, jumping 48 percent. The continued strong growth in equity in general reflects the industrywide effort to increase capital to fund acquisitions of purchased servicing. Moreover, the especially rapid growth of stock issuances in 1987 may be due in part to a higher percentage of publicly held companies in the 1987 survey and to the increased use of stock issuance as a method to raise capital.

Table 8 presents the average balance sheet for the repeat reporters. Average assets increased about 16 percent to $228 million. Total inventory declined almost one percent to $126 million, representing about 56 percent of total assets compared to 60 percent for the entire survey. Average days in inventory for one- to four-unit loans was 54 days in 1987, down from 88 days in 1986. Average days in inventory for income property loans was 7 days in 1987, a drop from 11 days in 1986. As with the average days in inventory for the entire survey, the average days in inventory statistics for the repeat reporters are also understated since they are calculated by dividing annual flow figures for origination volume by the yearend inventory figures.

Other noncurrent assets increased nearly 62 percent for the repeat reporters compared to 50 percent for the entire survey. Similar to the entire survey, growth in unamortized purchased servicing represented the bulk of the increase in other noncurrent assets for the repeat reporters. At the end of 1987, unamortized purchased servicing for this group stood at $22 million, an increase of 68 percent from 1986 compared to a 62 percent increase for the entire survey. Thus, purchased servicing represented about 34 percent of the total servicing portfolio for this group of firms.

Real estate owned and noninterest-earning loans increased considerably faster in 1987 for the repeat reporters than the survey average. Real estate owned increased 33 percent to $4 million for the repeat reporters, more than double the 15 percent increase for the entire 1987 survey. Noninterest earning loans averaged $2 million for this group, an increase of 146 percent from 1986 and almost four times higher than the 38 percent increase for the average firm in 1987 survey. However, these asset categories represented roughly the same proportions of total assets for both groups. All other assets for the repeat reporters grew by 20 percent compared to an increase of 17 percent for the entire survey. On the other hand, all other assets represented the same proportion of total assets for both groups, 13 percent.

Average liabilities for repeat reporters increased 16 percent to $205 million. Noncurrent or longer term liabilities grew by about 83 percent compared to a 6 percent increase in current liabilities. For the survey average noncurrent liabilities increased about ten times more than current liabilities and represented about 14 percent of total liabilities. In contrast, for the repeat reporters

Table 8
Balance Sheet of the Average Repeat Reporting Firm: 1987
(Dollars in Thousands)

Assets	Dollars	Percent of Total	Percent Change from 1986	Liabilities and Net Worth	Dollars	Percent of Total	Percent Change from 1986
Average Assets	$ 227,597	100.0%	15.8%	Average Liabilities	$204,986	100.0%	16.0 %
Total Inventory	$ 126,402	55.5%	(0.7)%	Current Liabilities	$164,319	80.2%	6.4 %
Other Noncurrent Assets	$ 64,779	28.5%	61.7%	Noncurrent Liabilities	$ 40,667	19.8%	82.6 %
• Unamortized Purchased Servicing [1]	$ 22,343	9.8%	67.5%	Average Equity	$ 22,611	100.0%	13.5 %
• Unamortized Excess Servicing Fees (net) [1]	$ 4,455	2.0%	N.C.	Retained Earnings Paid-In Capital Preferred and Common Stock	$ 6,460 $ 15,620 $ 533	28.6% 69.1% 2.4%	7.9 % 6.3 % (0.9)%
• Goodwill (net of Amortization) [1]	$ 2,610	1.1%	N.C.				
Real Estate Owned	$ 3,926	1.7%	33.3%				
Noninterest Earning Loans	$ 2,168	1.0%	146.1%				
All Other Assets	$ 30,322	13.3%	19.6%				

[1] End of year figure only.
N.C. = Not Calculated

noncurrent liabilities increased 14 times faster than current liabilities and represented nearly 20 percent of total liabilities.

For average equity there are significant differences between the repeat reporters and the entire sample. Average equity for repeat reporters was about $23 million, an increase of nearly 14 percent from 1986 compared to an 11 percent increase for the entire sample. Like the survey average, the bulk of the increase in equity in dollar terms was in paid-in capital which increased 26 percent in 1987 and represented 69 percent of total equity compared to 64 percent for the survey average. However, preferred and common stock issuances, which represented the fastest growing component of equity for the entire survey, fell nearly one percent for the repeat reporters and represented approximately two and one-half percent of total equity compared to about 5 percent of that for the entire survey. Retained earnings at repeat reporters grew by 8 percent in contrast to a drop of 9 percent for the entire survey. However, retained earnings represented roughly the same proportion of total equity for both groups, approximately 30 percent. Finally, leverage, or average assets divided by average equity, increased slightly for the repeat reporters to 10.07 in 1987 from 9.87 in 1986. In contrast, for the entire 1987 survey leverage fell slightly from 9.52 to 9.43.

The Income Statement

As shown in Table 9, total income for the average firm decreased 3 percent in 1987 to $27.8 million. With rising average assets but falling gross income, asset turnover also declined in 1987, falling to 18.2 percent, meaning that every dollar of assets yielded 18.2 cents of gross income. In 1986, asset turnover was 20.7 percent. With assets of nearly $153 million, that 2.5 percentage point decline in asset turnover represents a loss of about $3.8 million of gross income for the average firm in the 1987 survey.

The decline in asset turnover was in part the result of significant declines in several income categories: loan origination, marketing and interest. Loan origination income fell slightly, about 2 percent, to $5.3 million from $5.4 million in 1986, reflecting the drop in in-house origination volume in 1987. As a percentage of total assets, income from loan originations decreased from 3.9% in 1986 to 3.5% in 1987. By far, the largest decline was in marketing income which fell 60 percent to $1.4 million after increasing by more than 300 percent in 1986. Moreover, marketing income as a percentage of total assets fell to one percent in 1987 from 2.5 percent in 1986. Interest income decreased 6 percent in 1987 to about $11 million due to the decline in total inventory and the drop in the average number of days in inventory.

Table 9
Asset Turnover in 1987
(Dollars in Thousands)

	Survey Average		Repeat Reporters	
	Dollars	Percent Change From 1986	Dollars	Percent Change From 1986
Average Assets [1]	$152,853	10.2 %	$227,597	15.8 %
Total Income	$ 27,751	(3.3)%	$ 38,278	(5.4)%
Asset Turnover (%)	18.2%	(12.1)%	16.8%	(18.4)%
Loan Administration Income	$ 8,566	26.7 %	$ 11,496	19.3 %
As a Percentage of Average Assets	5.6%	14.3 %	5.1%	4.1 %
Loan Origination Income Excluding Net Gain or Loss on Mortgages sold	$ 5,306	(2.2)%	$ 6,565	(9.7)%
As a Percentage of Average Assets	3.5%	(10.3)%	2.9%	(21.6)%
Net Gain or Loss on Mortgages Sold	$ 1,401	(59.9)%	$ 1,968	(54.9)%
As a Percentage of Average Assets	0.9%	(64.0)%	0.9%	(59.1)%
Interest Income	$ 10,988	(6.9)%	$ 16,268	(6.1)%
As a Percentage of Average Assets	7.2%	(15.3)%	7.1%	(19.3)%
Other Income	$ 1,490	24.5 %	$ 1,981	7.2 %
As a Percentage of Average Assets	1.0%	11.1 %	9%	0

[1] Average assets are calculated by averaging beginning of year and yearend figures.

It is interesting to note that the warehousing spread widened in 1987 suggesting a lengthening of the warehousing period and thus an increase in interest income if everything else were held constant. However, because marketing concerns outweighed the favorable warehousing spread, firms in the survey quickly sold loans into the secondary market, thereby shortening the number of days in inventory and reducing interest income. Interest income fell as a percentage of total assets from 8.5 percent in 1986 to 7.2 percent in 1987.

On the other hand, loan administration income, which accounted for nearly one-third of gross income for the average firm in 1987, increased 27 percent to $8.6 million. As noted, the servicing portfolio at the average firm increased almost 30 percent, due in part to the large increase in purchased servicing. Loan administration income also increased as a percentage of total assets to 5.6 percent from 4.9 percent the previous year. Finally, other income rose by 25 percent to $1.5 million. However, this increase in other income may reflect proceeds from the bulk sale of servicing rights.

Other factors were also at work to reduce asset turnover in 1987. As noted, other noncurrent assets, primarily unamortized purchased servicing, increased as a percentage of total assets, reflecting the growth of wholesale lending and bulk purchases of servicing. The increase in purchased servicing is significant since a greater proportion of the average firm's servicing portfolio is likely to be purchased servicing and therefore appear on the balance sheet. Thus, for a given income level, a larger stock of balance-sheet assets is employed, reducing asset turnover. The increase in real estate owned and nonperforming loans as a percent of total assets also contributed to the decline in asset turnover.

For repeat reporters, asset turnover declined almost 4 percentage points from 20.6 percent in 1986 to 16.8 percent in 1987, nearly double the 2.5 percentage point decline for the entire survey. This is due in part to the larger increases experienced by repeat reporters in real estate owned through foreclosure, noninterest-earning loans and other noncurrent assets, particularly purchased servicing, compared to the entire survey. Moreover, each of these categories comprises a larger proportion of the average repeat reporting firms total assets in 1987 than in 1986. Purchased servicing, in particular, increased 3 percentage points as a percentage of total assets from 6.8 percent of total assets in 1986 to 9.8 percent in 1987.

Several other factors also contributed to the repeat reporters lower asset turnover compared to the entire survey. Loan origination income decreased significantly more for repeat reporters, falling almost 10 percent, due to the larger decline in in-house originations for repeat reporters than for the survey average. Repeat reporters also experienced smaller increases than the survey

Table 10
Major Expense Categories: 1987
(Dollars in Thousands)

	Survey Average		Repeat Reporters	
	Dollars	Percent Change From 1986	Dollars	Percent Change From 1986
Total Income	$27,751	(3.3)%	$38,278	(5.4)%
Total Expenses	$28,430	13.3 %	$39,097	12.3 %
Personnel Expenses	$ 9,169	13.7 %	$11,325	6.7 %
Number of Employees	275	2.2 %	347	(3.6)%
#Loans Closed/Orig. Employee	33	(2.9)%	40	14.3 %
#Loans Serviced/Loan Admin. Employee	543	1.9 %	570	3.8 %
Net Operating Income/Employee	$ (2.5)	NM	$ (2.4)	NM
Nonpersonnel Expenses	$19,271	13.2 %	$27,772	14.7 %
Interest Expenses	8,240	(2.6)%	$12,324	3.0 %
Amortization-Purchased Servicing	$ 2,016	45.6 %	$ 3,371	68.5 %
Provision for Loan Losses	$ 1,045	9.0 %	$ 1, 960	37.6 %
All Other	$ 7,970	26.4 %	$10,117	14.7 %
Net Operating Income	$ (680)	NM	$ (819)	NM
Net Nonrecurring Gain (Loss)	$ 2,123	1,847.7 %	$ 1,689	1,623.0 %
Taxes on Income	$ 577	(65.7)%	$ 516	80.9)%
Net Income (after tax)	$ 866	(57.2)%	$ 354	(88.3)%
Profit Margin (after tax)	3.12%	(55.7)%	0.9%	(88.0)%

NM =not meaningful result
The yearly percent changes for Net Operating Income/Employee, and Net Operating Income (before tax) cannot be calculated in a meaningful way since these income items declined from a positive amount in 1986 to a negative amount in 1987.

average in loan administration income, likely due to the relatively lower percentage increase in the servicing portfolios of repeat reporters compared to the entire survey. Other income also did not increase as much in percentage terms for repeat reporters as for the entire survey. On the other hand, repeat reporters experienced similar percentage declines in marketing and interest income as the survey average.

As shown in Table 10, while total income decreased 3 percent, total expenses for the average firm in the survey increased 13 percent to $28.4 million. Personnel expenses, which represent about one-third of total expenses, increased almost 14 percent. Overall, while the total number of loans closed in-house declined 10 percent for the average firm in the survey, the total number of employees increased 2 percent to 275, most likely due to the large growth in the average servicing portfolio. Indeed, analysis of the employment data indicates that while the number of origination employees declined on average 7 percent, the number of servicing employees increased 14 percent.

Similarly, total expenses increased for repeat reporters as well. This group experienced a 12 percent increase in total expenses to $39.1 million. Repeat reporters also experienced an increase in personnel expenses although not as great an increase as the entire survey. For this group personnel expenses increased about 7 percent to $11 million and were slightly less than one-third of total expenses. A significant difference between this group and the entire survey is that while the total number of employees increased for the entire survey, for the repeat reporters total employees fell almost 4 percent to 347 from 360 in 1986. Analysis of the employment data for repeat reporters indicates that the decline in employment was primarily due to a 27 percent drop in the number of origination employees coincident with the 17 percent drop off in the number of loans closed in-house. Loan administration staffs at repeat reporters grew by about 9 percent in response to the 20.8 percent growth in servicing portfolios for this group.

One final note on personnel expenses is that it is curious that while the repeat reporters trimmed their staffs and staffs for the entire survey increased modestly, personnel expenses increased significantly. Follow-up phone calls to several of the firms in the survey reveal that the jump in personnel expenses may be attributed to severance pay and increases in employee benefits.

For the entire survey, the survey results indicate that the number of loans closed per origination employee declined to 33 from 34 in 1986. However, loans closed per origination employee for the repeat reporters increased a surprising 14 percent to 40 from 35 in 1986. As with the average number of days in inventory, these results are most likely statistical artifacts. The number of loans closed per origination employee is calculated by dividing the full year's in-house originations by the number of origination employees at the end of the year. Such a calculation gives a meaningful result when the number of employees remains fairly constant over the course of the year. However, as noted above, the number of origination employees declined in 1987 at both the average firm and at repeat reporters. Assuming no change in the number of originations, the drop in the number of origination employees would result in an increase in the number of loans closed per employee and would overstate the calculated number of loans closed per origination employee statistics. Conversely, the loans closed per origination employee statistics reported for 1986 are somewhat understated due to the sharp increase in the number of origination employees experienced by both the entire survey and the repeat reporters in 1986.

One way to correct for this problem is to use the average of the beginning and yearend number of origination employees in the number of loans closed per origination employee calculations. In Table 11, the origination productivity figures are recalculated using the average number of origination employees and the results are compared to the productivity figures based on the yearend figures. Note that the recalculated number of loans closed per origination employee statistic for the repeat reporters shows a decline of about 21 percent to 34 in 1987 from 43 in 1986 instead of the 14 percent increase obtained when using the yearend employment figures. Similarly, the recalculated origination productivity ratio for the entire survey declined approximately 22 percent from 41 in 1986 to 32 in 1987.

Table 11
Origination Productivity
1986 - 1987

	Survey Average		Repeat Reporters	
	Yearend # Employees [1]	Average # Employees [2]	Yearend # Employees [1]	Average #Employees [2]
Number of Loans Closed Per Origination Employee				
1986	34	41	35	43
1987	33	32	40	34

[1] Calcuations based on number of origination employees at yearend.
[2] Calculations based on average of begining and yearend number of origination employees.

This problem of dividing an annual flow figure by a yearend stock figure is not encountered when calculating servicing productivity since this statistic is calcualted by dividing the number of loans in the servicing portfolio at yearend by the number of loan administration employees at the end of the year. Based on this calculation, servicing productivity for the entire survey increased about 2 percent to 543 loans serviced per loan administration employee from 533 in 1986. Servicing productivity also increased for the repeat reporters where the number of loans serviced per loan administration employee increased nearly 4 percent to 570 from 549 in 1986.

Nonpersonnel expenses also increased for both the entire survey and the repeat reporters. For the survey average, nonpersonnel expenses increased 13 percent, somewhat slower than

personnel expenses. Nonpersonnel expenses for repeat reporters increased 15 percent, more than twice as fast as personnel expenses for this group. For both groups the fastest growing components of nonpersonnel expenses were the amortized cost of purchased servicing and provision for loan losses. For the average firm in the entire survey, amortization of purchased servicing grew by 46 percent while repeat reporters experienced a 69 percent increase in this expense item. Repeat reporters also experienced a larger increase in provision for loan losses, up 38 percent, double the 19 percent increase for the survey average.

Another interesting distinction between the entire survey and the repeat reporters is that while interest expense fell nearly 3 percent for the survey average, repeat reporters experienced a 3 percent increase in interest expense. This discrepancy may be attributed in part to the smaller decline in total inventories for the repeat reporters, the higher leverage ratio for this group, and the fact that leverage increased in 1987 whereas it declined for the survey average.

For the entire survey, the large increase in expenses coupled with the decline in income resulted in a drop in before-tax net operating income to -$680,000 from $3.6 million in 1986. Firms in the survey offset their pre-tax losses in a number of ways. Some applied tax credits to current year income while others carried forward credits on past taxes. Many firms sold bulk servicing rights which resulted in an average net nonrecurring gain of $2.1 million. Several firms combined all three methods. As a result, the average firm made an after-tax profit of $866,000, a drop of 57 percent from the 1986 after-tax profit of over $2 million. Likewise, the after-tax profit margin for the average firm fell to 3.12 percent from 7.05 percent in 1986.

Similarly for repeat reporters, rising total expenses combined with declining total income resulted in a drop in before-tax net operating income to -$819,000 from $5.6 million in 1986. Repeat reporters also offset this loss through a combination of tax credits and bulk sales of servicing which resulted in a net nonrecurring gain of $1.7 million. As a result, the after-tax profit for repeat reporters was $354,000, down 88 percent from an average after-tax profit of $3 million in 1986. The after-tax profit margin for repeat reporters also fell 88 percent to 0.9 percent from 7.5 percent in 1986.

It is interesting to note the range of after-tax profits reported by the firms in our survey. For the entire survey, net income after-tax ranged from a low of -$43 million to a high of $23 million. 76 out of the 173 respondents, 44 percent, reported an after-tax loss whereas 52 firms, 30 percent of the survey, reported an after-tax profit of more than $1 million and 8 of these firms had net incomes

Table 12
Profile of the Five "High Profit" Firms
(Dollars in Thousands)

	1987	1986	Percent Change
Servicing Portfolio ($mils)	$ 3,955	$ 3,066	29.0 %
Total In-House Originations ($mils)	$ 435.6	$ 499.5	(12.8)%
Average assets	$196,032	$186,292	5.2 %
Total Income	$ 42,408	$ 40,598	4.5 %
Asset Turnover	21.6%	21.8%	(0.9)%
Loan Administration Income	$ 16,145	$ 11,690	38.1 %
Loan Origination Income (Excluding net gain or loss on mortgages sold)	$ 4,638	$ 5,263	(11.9)%
Net Gain or Loss on Mortgages Sold	$ 4,582	$ 8,197	(44.1)%
Interest Income	$ 14,835	$ 15,131	(2.0)%
Other Income	$ 2,208	$ 317	596.5 %
Total Expenses	$ 31,387	$ 30,419	3.2 %
Personnel Expenses	$ 10,996	$ 10,190	7.9 %
Number of Employees	441	430	2.6 %
Number of Loans Closed/Orig. Emp.	25	41	(39.0)%
Number of Loans Serviced/Serv.Emp.	682	634	7.6 %
Nonpersonnel Expenses	$ 20,392	$ 20,231	0.8 %
Interest Expenses	$ 8,979	$ 9,161	(2.0)%
Amortization - Purchased Servicing	$ 3,690	$ 2,326	58.6 %
Provision for Loan Losses	$ 290	$ 2,254	(87.1)%
All Other	$ 7,433	$ 6,490	14.5 %
Net Operating Income	$ 11,020	$ 10,178	8.3 %
Net Nonrecurring Gain (Loss)	$ 407	$ 293	38.9 %
Taxes on Income	$ 4,837	$ 5,088	(4.9)%
Net Income (After-tax)	$ 6,590	$ 5,384	22.4 %
Profit Margin (After-tax)	$ 15.5%	$ 13.3%	16.5 %

in excess of $10 million. For the firms that reported after-tax losses, an analysis of the data reveals that for the majority of these firms the net nonrecurring gain reported was insufficient to cover the before-tax loss and in some cases firms suffered net nonrecurring losses. Some of these firms did not book a net nonrecurring gain or loss and because of restrictions due to tax rules could not take advantage of tax credits to reduce their losses.

After-tax profits also varied widely for the repeat reporters, from a low of -$43 million to a high of $16 million. 37 out of the 76 repeat reporting firms, 47 percent, reported after-tax losses while 26 firms reported after-tax profits greater than $1 million. Moreover, 8 of the firms in this latter category enjoyed profit margins near or above those reported in 1986. Three of these 8 firms owe their improved profitability to large net nonrecurring gains, mostly due to sales of servicing. However, the remaining five firms achieved their higher profits primarily through improved productivity and profitability in their loan administration operations.

In many respects the five "high profit" firms are similar to other firms in the survey. As shown in Table 12, the average assets of these five firms fall midway between the survey average and the average for repeat reporters. In-house production at these five firms averaged $435.6 million, about the same as the average firm in the survey and slightly less than the production of repeat reporters. The average $4 billion of loans serviced by these five firms was roughly $1 billion more than that serviced by the average repeat reporter and almost twice that of the survey average. On average these five firms increased their servicing portfolios by 29 percent about the same as the average firm in the survey. Like the typical firm in the survey, these five "high profit" firms added to their servicing portfolios through increased flows of purchased production as well as through bulk purchases of servicing rights.

Despite these similarities, the profitability of the five "high profit" firms compared to the overall survey and the repeat reporters was signifcantly different. Total income at these five firms grew by 4.5 percent between 1986 and 1987, while that for the average survey firm and the average repeat reporter dropped 3.3 percent and 5.4 percent, respectively. Loan administration income at these five firms increased 38 percent, twice the 19 percent increase for the average repeat reporter. While these five firms suffered greater losses in loan origination income most likely due to the lower decline in in-house originations than the repeat reporters and the survey average, they did not suffer as great a decline in marketing income.

Moreover, these five companies experienced a lower increase in total expenses than both the survey average and the average repeat reporter. Overall, total expenses grew by only 3.2 percent at the five "high profit" firms, about one-fourth the increase experienced at the average firm in the survey. The lower costs were due in large part to an 87 percent drop in provision for loan losses at these five firms. (This result may be in part a statistical artifact. Since servicing expenses for foreclosure and REO were broken out in a separate line item in the 1987 survey, these expenses may have been reported in provision for loan losses in the 1986 survey. Loss provisions associated with foreclosures and REOs in the 1987 survey are included in "Other Expenses" in the 1987 survey results.) Locational advantages may have contributed to the decline in provision for losses since these five companies are not located in areas with high delinquency and foreclosure rates. (Since our data does not include the composition of the servicing portfolio, we can only speculate that the servicing portfolios of these five firms were comprised of loans from the areas where they are located or from areas with similarly low rates of delinquency and foreclosure.) Moreover, an anlysis of these five firms' income and expenses shows that even if they had reserved at the same rate as in 1986, they still would have had a higher net income in 1987 than in 1986.

Costs were also held down by larger increases in servicing productivity at the five "high profit" firms than at the average firm in the survey. The increase in servicing productivity at the five "high profit" firms was four times that of the average firm in the survey and double that of the average repeat reporter. Productivity, as measured by the number of loans serviced per loan administration employee, jumped 7.6 percent at these five companies compared to a 3.8 percent increase for the average repeat reporter and an increase of 1.9 percent for the survey average. As a result servicing productivity was one-fourth higher at these five companies than the survey average.

With income increasing faster than expenses, net operating income at these five firms increased 8.3 percent to roughly $11 million in 1987. After-tax net income increased 22.4 percent to $6.6 million and the after-tax profit margin jumped to 15.5 percent, 16.5 percent higher than that reported by these firms in 1986.

Like the average firm in the survey, the five "high profit" firms also bolstered their net income through sales of servicing as evidenced by the large percentage increases in other income and in net nonrecurring gain reported by these firms. A review of these firms' survey reports shows that $1.9 million or about 86 percent of the $2.2 million in other income reported and all of the net nonrecurring gain reported in 1987 were proceeds from bulk sales of servicing. Netting this income out of before-tax net income and applying a 34 percent tax rate (the highest allowable federal tax rate in 1987) results in an after-tax net income of $6 million and an after-tax profit margin of 14.8 percent, both of which are higher than the comparable results reported in 1986. Thus, the profits of these five firms could have risen in 1987 even without sales of servicing.

In addition to profit margin, Table 13 lists several other measures of profitability for the entire survey, repeat reporters and the five "high profit" firms. Profitability, as measured by return on equity, decreased substantially in the mortgage banking industry in 1987 after having increased the previous year. Return on average equity (net income after taxes as a percent of the average of beginning and yearend equity) for the average firm in our survey decreased to 5.3 percent compared to 13.9 percent in 1986. The 1987 result is the lowest return on equity recorded by our survey

since 1976 and drops the five year average to 13.5 percent from 16.2 percent last year (See Table 1). For the repeat reporters, return on equity decreased to 1.6 percent compared to 15.2 percent in 1986. The five "high profit" firms also experienced some decline in return on equity; 30.8 percent in 1987 compared to 31.5 percent in 1986.

Return on average assets (net income after taxes as a percent of the average of beginning and yearend assets) for the survey average was 0.6 percent in 1987 compared to 1.5 percent in 1986. Again, this is the lowest result recorded for the entire survey since 1976 and drops the five year average return on assets to 1.6 percent from the 2 percent five year average recorded in 1986. For repeat reporters, return on average assets decreased to 0.2 percent in 1987 from 1.5 percent in 1986. For the five "high profit" firms return on average assets increased one-half percentage point to 3.4 percent from 2.9 percent in 1986.

Return on average assets is intended to measure the productivity of the firm's assets regardless of the manner in which those assets are funded. However, an inherent weakness in this ratio is that a firm with a low leverage ratio is likely to have a higher return on assets than a firm with a high leverage ratio since interest expense would be lower. An alternative ratio, gross return on average assets, adds interest expense net of taxes to net income to compute an earnings rate on all assets without considering how a firm funds those assets. Estimates of that ratio for the entire survey are 4.12 percent in 1987 and 4.75 percent in 1986 (See Appendix B). Levels for the repeat reporters are 3.73 percent in 1987 compared to 4.82 percent in 1986. Levels for the five "high profit" firms increased in 1987 to 6.38 percent from 5.55 percent in 1986.

Summary

Overall, 1987's Financial Statements and Operating Ratios data reflect an industry reacting to sudden and harsh changes in the economic and financial environment. After enjoying high profitability in 1986 as a result of soaring origination volume and declining interest rates, the mortgage banking industry saw their gains turn to losses in 1987 when sharp jumps in interest rates in the spring and fall resulted in a steep decline in in-house originations. Firms attempted to compensate for the lost revenue from origination and marketing by increasing their servicing portfolios through large amounts of purchased production and bulk purchases of servicing resulting in a substantial increase in loan administration income. However, this was not enough to prevent a decline in gross income.

Moreover, on the expense side, costs were driven up sharply by continued heavy foreclosure losses, additions to the amortized cost of purchased servicing and escalating personnel expenses. With total income falling and total expenses increasing, the average firm in our survey reported a negative before-tax net operating income. Firms were able to recoup this loss through an unusually large net nonrecurring gain (primarily due to large bulk sales of servicing) which helped to reduce the decline in after-tax net income. However, despite attempts to save the bottomline, mortgage bankers in our survey suffered their lowest profit margin since 1975 and the lowest rates of return on assets and equity since 1976.

It is disturbing that several of the trends which contributed to 1987's difficulties continued in 1988. Mortgage bankers' origination volume declined in 1988 in the wake of gradually rising mortgage rates and an increasing market share of ARMs. Single-family origination volume dropped about 17 percent in 1988 with mortgage bankers' share of single-family origination volume falling slightly to 23 percent. To compensate for lost revenue from

Table 13
Measures of Profitability
1986 and 1987

	Survey Average		Repeat Reporters		Five "High Profit" Firms	
	1987	1986	1987	1986	1987	1986
Profit Margin	3.12%	7.05%	0.90%	7.50%	15.50%	13.30%
Asset Turnover	18.20%	20.70%	16.80%	20.60%	21.60%	21.80%
Return on Assets	0.57%	1.50%	0.16%	1.50%	3.40%	2.90%
Leverage	9.43	9.52	10.07	9.87	9.17	10.88
Return on Equity	5.34%	13.88%	1.57%	15.15%	30.82%	31.45%
Gross Return on Average Assets [1]	4.12%	4.75%	3.73%	4.82%	6.38%	5.55%

[1] Gross Return on Average Assets is the sum of interest expense net of taxes and net income divided by average assets. For 1987, interest expense net of taxes was computed using a 34% marginal tax rate, the highest allowable corporate tax rate pursuant to the Tax Reform Act of 1986. 1986 interest expense net of taxes was computed using a 46% corporate tax rate.

originations, the trend toward purchased servicing among well-capitalized firms -- either on a flow or bulk basis -- is sure to continue. Moreover, sales of servicing will continue to be modus operandi for firms which are forced to liquidate assets.

On the expense side, the trend toward purchased servicing will add further to the amortized cost of purchased servicing, the fastest growing expense item in the 1987 survey. Moreover, as the industry continues to be plagued with REOs and foreclosures, we are likely to see further increases in the provision for loan losses. Finally, as competition intensifies due to declining origination volume, firms will incur additional costs associated with scaling back operations.

There are no easy solutions to the problems facing the mortgage banking industry. However, we are beginning to see some encouraging signs. First, there are the five firms in our 1987 survey who were able to increase their profits in a year of retrenchment for the majority of the mortgage banking industry. Second, results of MBA's Ratio Analysis Survey (RAS) through the fourth quarter of 1988 reveal that some firms are successfully coping with their new environment. A comparison of the 11 firms that reported RAS data for the both the fourth quarter of 1988 and the fourth quarter of 1987 reveals that by reducing costs and by improving productivity for origination and servicing, these firms have increased their overall profitability. Admittedly these are rather small samples, but hopefully the achievements of these firms will spread throughout the rest of the industry.

COMPARATIVE INCOME STATEMENT - 1987

Table		Page
1.01	By Millions of Dollars of Total Mortgage Originations (In-House and Purchased)	22
1.02	By Percent of 1 - to 4-Unit Purchased Production to Total 1 - to 4-Unit Production	23
1.03	By Millions of Dollars of Mortgage Loans Serviced	24
1.04	By Percent of Income Property Loans Closed to Total Loans Closed	25
1.05	By Percent of Income Property Loans Serviced to Totai Loans Serviced	26
1.06	By Type of Ownership	27

Table 1.01

COMPARATIVE INCOME STATEMENT — 1987

By Millions of Dollars of Total Mortgage Originations (In-House and Purchased)

Under $100	$100 to $199.9	$200 to $299.9	$300 to $499.9	$500 to $999.9	$1,000 and Over	All Reporting Firms	Income Statement Account
							INCOME:
31.3%	33.3%	22.0%	27.9%	26.3%	26.5%	26.7%	Loan Administration
0.7	0.4	0.2	0.3	0.6	0.7	0.6	Servicing Fees-1st Mtg. Loans
4.3	5.8	3.2	4.1	3.3	3.4	3.5	Servicing Fees-Non-1st Mtg. Loans
36.3%	**39.5%**	**25.4%**	**32.3%**	**30.2%**	**30.6%**	**30.8%**	Other Loan Admin. Income
							Loan Administration Income
4.7%	3.3%	1.3%	1.0%	0.5%	0.3%	0.7%	Loan Origination
4.0	3.7	0.7	0.6	5.5	6.4	5.0	Brokerage Fees
5.5	6.0	5.4	6.6	5.1	4.2	4.9	Gain or (Loss) on Mtgs. Sold (Net)
7.9	8.3	8.7	8.5	7.9	7.3	7.7	FHA & VA 1% Fees, 1- to 4-unit
0.4	0.1	2.6	0.6	0.3	0.2	0.4	Conventional Fees, 1- to 4-unit
0.9	1.3	0.2	1.7	1.6	1.2	1.3	Multiunit Fees
2.6	0.8	0.9	0.9	0.5	0.3	0.5	Nonresidential Fees
2.2	2.4	3.2	3.5	3.6	3.8	3.6	Land Development & Const. Fees
28.2%	**25.9%**	**23.0%**	**23.4%**	**25.0%**	**23.7%**	**24.1%**	All Other Loan Origination Income
							Loan Origination Income
18.5 %	19.7 %	25.2 %	27.4 %	26.6 %	32.7 %	29.3 %	Interest
0.0	0.7	0.0	0.0	0.1	0.0	0.0	Inventory of First Mortgages
8.0	2.8	9.7	4.4	3.2	4.6	4.6	Amortization of Deferred Orig. Fees/Cost
1.8	3.8	8.7	5.0	7.5	4.8	5.6	Construction Loans
28.3 %	**27.0 %**	**43.6 %**	**36.8 %**	**37.4 %**	**42.1 %**	**39.5 %**	Other Interest Income
							Interest Income
(0.6)%	(0.8)%	(1.3)%	(0.8)%	(1.1)%	(0.8)%	(0.9)%	Net Gain (Loss) on Foreclosures
(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	Permanent Mortgages
0.9	0.7	0.5	0.8	0.9	0.9	0.8	Construction & Development
0.6	0.6	0.1	0.1	0.4	0.2	0.2	Insurance Commissions
2.3	1.4	0.0	0.0	0.6	0.0	0.3	Property Management Income
3.9%	5.7%	8.0%	7.6%	6.5%	3.3%	4.9%	Real Estate Commissions
							Other Income
100.0 %	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**TOTAL INCOME**
							EXPENSES:
8.4%	8.3%	5.3%	5.8%	5.0%	5.5%	5.6%	Personnel
14.8	12.5	13.5	16.6	13.0	12.0	12.9	Loan Administration
4.1	7.4	4.4	4.5	5.0	3.4	4.1	Loan Origination
2.3	2.4	1.4	2.0	1.5	1.3	1.5	Loan Production Officers
4.9	5.6	2.1	2.0	1.8	0.9	1.6	Warehousing/Marketing
1.7	0.8	0.2	0.2	0.2	0.0	0.2	Management
4.6	4.5	2.9	5.2	3.3	2.0	2.9	Directors' Fees
40.6	41.7	29.8	35.7	29.8	25.1	28.7	All Other Personnel
4.2	6.1	3.6	4.9	4.2	4.0	4.2	Total Direct Compensation
0.3	0.2	0.1	0.2	0.2	0.1	0.1	Employee Fringe Benefits
45.3%	**47.8%**	**33.5%**	**41.4%**	**34.2%**	**29.2%**	**33.1%**	Education & Training
							Total Personnel Expenses
21.1%	18.2%	33.0%	26.3%	27.4%	32.2%	29.7%	Nonpersonnel Expense
5.9	6.0	3.4	5.0	4.7	3.6	4.1	Interest Expense
4.0	2.6	2.2	2.8	2.3	2.7	2.6	Occupancy
2.2%	1.5%	1.2%	1.8%	1.2%	1.2%	1.3%	Electronic Data Processing
							Other Equipment Rental
3.5%	4.2%	2.1%	3.5%	3.0%	3.1%	3.1%	Office Supplies
2.1	2.0	1.6	1.9	1.6	1.4	1.5	Postage & Telephone
1.5	1.2	0.8	1.3	0.9	1.0	1.0	Other Office Supplies
0.8	1.0	0.5	0.3	0.4	0.3	0.4	Travel & Entertainment
0.7	0.6	0.7	0.6	0.6	0.6	0.6	Automobiles
1.6	1.1	1.4	2.5	1.7	1.4	1.6	Advertising
0.6%	0.9%	0.1%	0.2%	0.0%	0.6%	0.4%	Loan Processing
							Brokerage Commissions
0.7 %	0.3 %	0.5 %	0.6 %	0.6%	0.4 %	0.5 %	Commitment & Option Fees
0.9	0.8	0.6	1.4	1.4	1.1	1.1	GNMA Pools
2.0	1.4	0.9	1.2	1.1	0.8	1.0	Others
5.3	7.7	2.0	6.1	6.2	8.7	7.3	Legal & Auditing Fees
2.2	2.3	0.8	1.2	3.4	2.7	2.6	Amortization-Purchased Servicing
0.6	0.1	0.1	0.9	0.0	0.1	0.2	Servicing Expenses-Forecl. & REO
2.5	3.1	3.4	3.9	3.5	4.0	3.8	Real Estate & Property Management
2.2	2.4	0.1	0.4	0.0	0.1	0.3	Net Addition to Loan Loss Reserves
0.3	3.5	3.3	3.5	3.5	3.9	3.5	Construction & Development Loans
5.3	7.6	6.3	6.8	5.6	7.3	6.7	Permanent Loans
63.5	**62.6**	**61.6**	**68.3**	**65.6**	**73.2**	**69.5**	All Other Operating Expenses
109.0 %	**110.5 %**	**95.2 %**	**109.1 %**	**99.7%**	**102.4 %**	**102.5 %**	**Total Nonpersonnel Expenses**
							TOTAL EXPENSES
(9.0)%	**(10.5)%**	**4.8 %**	**(9.1)%**	**0.3%**	**(2.4)%**	**(2.5)%**	**Net Operating Income**
10.4 %	**6.3 %**	**(1.8)%**	**3.5 %**	**9.8%**	**5.2 %**	**7.7 %**	**Net Nonrecurring Gain (Loss)**
1.1 %	**(2.3)%**	**4.7 %**	**(1.1)%**	**3.4%**	**2.0 %**	**2.1 %**	**Taxes on Income**
0.2 %	**(1.9)%**	**(1.6)%**	**(4.5)%**	**6.6%**	**0.9 %**	**3.1 %**	**NET INCOME**
39	26	27	25	29	27	173	Number of Firms Reporting

COMPARATIVE INCOME STATEMENT — 1987

By Percent of 1- to 4-Unit Purchased Production to Total 1-to 4-Unit Production

Table 1.02

0% All In-House	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 99.9%	100% Purchased Production	All Reporting Firms	Your Firm
24.9%	21.8%	23.8%	21.1%	39.8%	87.6%	26.8%	
0.3	0.3	0.1	0.6	1.4	0.0	0.6	
3.4	3.4	3.4	1.9	5.5	14.7	3.6	
28.6%	**25.5%**	**27.3%**	**23.6%**	**46.7%**	**102.5%**	**31.0%**	
1.5%	0.5%	1.4%	0.4%	0.2%	0.0%	0.7%	
6.4	3.4	4.0	9.2	2.1	0.0	5.1	
7.7	4.3	6.9	4.3	2.6	0.0	4.9	
10.0	6.6	7.9	10.9	3.8	0.0	7.8	
0.4	0.0	0.1	0.5	0.2	0.0	0.3	
1.4	0.7	0.7	1.4	1.3	0.0	1.1	
1.0	0.8	0.5	0.1	0.3	0.0	0.6	
5.4	2.5	1.7	5.5	1.8	0.0	3.5	
33.8%	**18.8%**	**23.2%**	**32.3%**	**12.3%**	**0.0%**	**24.0%**	
24.2%	38.2%	23.4%	28.8%	30.1%	0.0%	29.5%	
0.0	0.1	0.0	0.1	0.0	0.0	0.0	
3.4	4.7	5.1	8.7	1.6	0.0	4.7	
3.1	7.8	16.0	1.6	4.4	0.0	5.6	
30.7%	**50.8%**	**44.5%**	**39.2%**	**36.1%**	**0.0%**	**39.8%**	
(0.4)%	(0.9)%	(2.0)%	(0.4)%	(0.8)%	(21.9)%	(0.9)%	
0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	
0.8	0.8	1.1	0.3	1.0	14.7	0.8	
0.3	0.1	0.0	0.6	0.0	0.0	0.2	
0.3	0.3	0.0	0.0	0.2	0.0	0.2	
6.0%	4.6%	5.4%	4.4%	4.3%	4.6%	4.9%	
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	
5.6%	4.3%	4.8%	5.3%	7.1%	25.4%	5.6%	
18.2	10.2	15.6	12.2	10.2	0.0	12.9	
4.9	5.5	5.2	3.2	2.2	0.0	4.1	
1.5	1.1	1.9	1.5	1.8	0.0	1.5	
2.7	1.4	1.4	0.9	1.6	0.0	1.6	
0.1	0.2	0.1	0.0	0.0	0.0	0.1	
3.4	2.1	3.9	2.3	3.2	0.0	2.8	
36.3	24.8	32.7	25.4	26.1	25.4	28.5	
4.6	3.3	3.9	4.3	4.7	0.0	4.2	
0.2	0.2	0.1	0.1	0.1	0.0	0.1	
41.2%	**28.3%**	**36.9%**	**29.8%**	**30.9%**	**25.4%**	**32.9%**	
23.1%	39.6%	30.1%	30.4%	26.1%	10.3%	29.9%	
5.0	3.9	3.8	4.0	3.9	2.3	4.1	
3.0	2.2	2.8	3.0	2.3	4.9	2.6	
1.3%	0.9%	1.4%	1.5%	1.5%	3.3%	1.3%	
3.4%	2.7%	3.0%	2.8%	3.5%	6.3%	3.1%	
2.1	1.4	1.6	1.5	1.3	0.0	1.6	
1.1	0.8	1.2	1.0	1.1	0.0	1.0	
0.6	0.3	0.3	0.2	0.3	0.0	0.3	
0.7	0.6	0.6	0.8	0.4	0.0	0.6	
3.7	1.4	1.3	1.3	0.4	0.0	1.6	
0.2%	0.1%	0.0%	1.3%	0.1%	0.0%	0.4%	
0.5%	0.5%	0.3%	0.5%	0.7%	0.0%	0.5%	
0.7	0.8	1.3	2.5	0.5	0.0	1.2	
1.1	0.9	0.8	1.0	0.9	0.0	1.0	
5.9	5.4	3.6	5.0	14.2	35.6	7.3	
3.1	3.0	0.8	1.8	3.4	0.0	2.6	
0.6	0.0	0.0	0.0	0.2	0.0	0.2	
1.9	3.7	2.9	7.9	1.8	9.2	3.8	
0.8	0.3	0.2	0.1	0.1	0.0	0.3	
1.1	7.9	2.7	7.9	1.7	9.2	3.5	
5.1	5.2	6.4	10.2	6.1	15.0	6.7	
63.1	**73.4**	**62.2**	**76.7**	**68.7**	**86.9**	**69.8**	
104.1%	**101.7%**	**99.0%**	**106.5%**	**99.6%**	**112.4%**	**102.5%**	
(4.1)%	**(1.7)%**	**1.0%**	**(6.5)%**	**0.4%**	**(12.4)%**	**(2.5)%**	
7.2 %	**9.4 %**	**18.9%**	**0.4 %**	**7.0%**	**23.2 %**	**7.5 %**	
3.1 %	**1.6 %**	**3.8%**	**(0.8)%**	**4.2%**	**3.7 %**	**2.1 %**	
0.0 %	**6.2 %**	**16.1%**	**(5.2)%**	**3.3%**	**7.1 %**	**2.9 %**	
55	35	24	18	32	1	165	

Table 1.03

COMPARATIVE INCOME STATEMENT — 1987
By Millions of Dollars of Mortgage Loans Serviced

Under $200	$200 to $499.9	$500 to $999.9	$1,000 to $1,999.9	$2,000 to $4,999.9	$5,000 and Over	All Reporting Firms	Income Statement Account
							INCOME:
11.7%	20.7%	19.0 %	25.6%	28.7%	28.3%	26.7%	Loan Administration
0.6	0.3	0.3	0.3	0.7	0.7	0.6	Servicing Fees-1st Mtg. Loans
1.0	2.1	2.8	3.8	4.3	3.4	3.5	Servicing Fees-Non-1st Mtg. Loans
13.3%	**23.1%**	**22.1%**	**29.7%**	**33.7%**	**32.4%**	**30.8%**	Other Loan Admin. Income
							Loan Administration Income
11.3%	2.7%	0.6%	1.0%	0.7%	0.3%	0.7%	Loan Origination
2.6	9.7	(2.2)	4.2	5.2	6.3	5.0	Brokerage Fees
10.9	7.7	6.3	7.7	3.9	4.1	4.9	Gain or (Loss) on Mtgs. Sold (Net)
10.8	11.1	13.7	7.2	7.8	6.4	7.7	FHA & VA 1% Fees, 1- to 4-unit
0.2	0.0	1.9	0.8	0.0	0.3	0.4	Conventional Fees, 1- to 4-unit
0.3	1.1	0.1	0.9	1.8	1.3	1.3	Multiunit Fees
0.8	0.1	1.0	0.9	1.2	0.1	0.5	Nonresidential Fees
3.3	3.6	4.9	5.0	2.5	3.5	3.6	Land Development & Const. Fees
40.2%	**36.0%**	**26.3%**	**27.7%**	**23.1%**	**22.3%**	**24.1%**	All Other Loan Origination Income
							Loan Origination Income
27.3%	28.2%	29.1%	26.9%	22.4%	33.2%	29.3%	Interest
0.0	0.0	(0.1)	0.3	0.1	0.0	0.0	Inventory of First Mortgages
2.4	0.1	8.2	3.6	7.0	3.4	4.6	Amortization of Deferred Orig. Fees/Cost
6.6	1.3	8.0	2.8	6.5	5.6	5.6	Construction Loans
36.3%	**29.6%**	**45.2%**	**33.6%**	**36.0%**	**42.2%**	**39.5%**	Other Interest Income
							Interest Income
(0.5)%	(1.3)%	(0.3)%	(1.0)%	(0.9)%	(0.9)%	(0.9)%	Net Gain (Loss) on Foreclosures
0.3	0.0	0.0	(0.1)	0.0	0.0	0.0	Permanent Mortgages
0.0	0.5	0.4	1.4	0.6	0.9	0.8	Construction & Development
0.9	0.8	0.1	0.4	0.2	0.2	0.2	Insurance Commissions
0.0	0.1	0.7	0.6	0.5	0.0	0.3	Property Management Income
9.4%	11.2%	5.6%	7.1%	6.8%	2.9%	4.9%	Real Estate Commissions
							Other Income
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**TOTAL INCOME**
							EXPENSES:
3.2%	5.9%	4.8%	5.6%	6.2%	5.5%	5.6%	Personnel
17.0	18.7	15.2	14.1	11.2	12.6	12.9	Loan Administration
9.0	5.8	6.4	4.8	6.0	2.4	4.1	Loan Origination
2.7	2.7	2.3	1.7	1.5	1.2	1.5	Loan Production Officers
6.8	4.3	2.7	2.8	1.7	0.8	1.6	Warehousing/Marketing
0.3	0.6	0.6	0.3	0.0	0.1	0.2	Management
7.0	3.7	3.8	5.5	3.1	1.8	2.9	Directors' Fees
45.2	41.3	35.2	34.8	29.7	24.4	28.7	All Other Personnel
3.9	5.0	4.6	4.0	3.9	4.2	4.2	Total Direct Compensation
0.2	0.2	0.2	0.1	0.2	0.1	0.1	Employee Fringe Benefits
50.1%	**46.9%**	**40.6%**	**38.9%**	**33.8%**	**28.7%**	**33.1%**	Education & Training
							Total Personnel Expenses
32.0%	23.0%	35.3%	23.9%	25.2%	32.3%	29.7%	Nonpersonnel Expense
6.3	5.0	4.4	4.5	4.2	3.8	4.1	Interest Expense
3.0	2.0	2.2	2.9	2.5	2.7	2.8	Occupancy
1.3%	1.7%	1.6%	1.3%	1.3%	1.2%	1.3%	Electronic Data Processing
							Other Equipment Rental
3.0%	3.4%	3.1%	2.8%	3.0%	3.1%	3.1%	Office Supplies
2.3	1.7	1.8	1.8	1.7	1.3	1.5	Postage & Telephone
1.5	1.0	1.1	1.0	1.0	1.0	1.0	Other Office Supplies
1.2	0.8	0.4	0.6	0.3	0.2	0.4	Travel & Entertainment
1.0	0.7	0.6	0.8	0.4	0.6	0.6	Automobiles
5.5	1.0	1.8	2.6	0.9	1.6	1.6	Advertising
0.5%	0.5%	2.4%	0.0%	0.2%	0.2%	0.4%	Loan Processing
							Brokerage Commissions
1.9%	0.8%	0.2%	0.7%	0.3%	0.5%	0.5%	Commitment & Option Fees
1.3	2.0	0.9	1.2	1.1	1.1	1.1	GNMA Pools
1.7	1.1	1.2	1.0	1.1	0.8	1.0	Others
0.5	2.7	2.9	3.0	6.7	9.7	7.3	Legal & Auditing Fees
0.5	1.4	0.7	2.2	1.9	3.4	2.6	Amortization-Purchased Servicing
6.4	0.2	0.1	0.1	0.0	0.1	0.2	Servicing Expenses-Forecl. & REO
3.9	0.4	3.5	2.6	4.3	4.0	3.8	Real Estate & Property Management
1.4	0.1	0.0	1.5	0.3	0.0	0.3	Net Addition to Loan Loss Reserves
2.4	1.1	3.5	1.1	4.0	4.0	3.5	Construction & Development Loans
10.3	6.8	6.3	4.3	6.2	7.5	6.7	Permanent Loans
84.1	**56.2**	**70.5**	**57.3**	**62.3**	**75.1**	**69.5**	All Other Operating Expenses
133.8%	**102.8%**	**110.7%**	**96.2%**	**96.4%**	**104.1%**	**102.5%**	**Total Nonpersonnel Expenses**
							TOTAL EXPENSES
(33.8)%	**(2.8)%**	**(10.7)%**	**3.8%**	**3.6%**	**(4.1)%**	**(2.5)%**	**Net Operating Income**
10.7 %	**7.0 %**	**(3.0)%**	**11.7%**	**6.5%**	**5.3 %**	**7.7 %**	**Net Nonrecurring Gain (Loss)**
(16.4)%	**(0.1)%**	**(2.2)%**	**4.4%**	**4.7%**	**1.5 %**	**2.1 %**	**Taxes on Income**
(6.6)%	**4.3 %**	**(11.5)%**	**11.1%**	**5.4%**	**(0.4)%**	**3.1 %**	**NET INCOME**
24	27	35	30	34	23	173	Number of Firms Reporting

COMPARATIVE INCOME STATEMENT — 1987

By Percent of Income Property Loans Closed to Total Loans Closed

Table 1.04

	0% All Residential	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 99.9%	100% Income Property	All Reporting Firms	Your Firm
	25.7 %	29.9 %	25.1 %	35.1 %	22.5 %	16.7 %	26.7 %	
	0.5	0.8	0.0	2.0	0.7	0.8	0.6	
	3.8	3.3	3.3	4.3	1.5	1.0	3.5	
	30.0 %	**34.0 %**	**28.4 %**	**41.4 %**	**24.7 %**	**18.5 %**	**30.8 %**	
	0.8 %	1.0 %	0.5 %	0.4 %	0.1 %	2.7 %	0.7 %	
	4.8	6.9	7.3	2.2	1.5	0.0	5.0	
	4.9	5.1	6.7	3.4	0.7	0.0	4.9	
	8.2	9.4	7.2	5.3	5.4	1.4	7.7	
	0.1	0.1	0.1	0.6	2.1	21.6	0.4	
	0.1	0.7	2.3	3.2	4.2	21.3	1.3	
	0.4	0.4	1.4	0.3	0.4	0.0	0.5	
	3.1	4.4	4.6	1.3	5.5	11.4	3.6	
	22.4 %	**28.0 %**	**30.1 %**	**16.7 %**	**19.9 %**	**58.4 %**	**24.1 %**	
	33.2 %	29.7 %	21.7 %	28.3 %	19.3 %	1.2 %	29.3 %	
	0.0	0.0	0.0	0.3	0.5	0.0	0.0	
	3.1	1.1	5.3	2.3	29.8	0.0	4.6	
	5.8	1.8	11.5	1.0	3.2	2.1	5.6	
	42.1 %	**32.6 %**	**38.5 %**	**31.9 %**	**52.8 %**	**3.3 %**	**39.5 %**	
	(0.8)%	(0.6)%	(1.4)%	(1.2)%	(0.3)%	0.0 %	(0.9)%	
	0.0	0.0	(0.1	0.0	0.0	0.0	0.0	
	0.7	0.9	0.9	1.5	0.2	0.0	0.8	
	0.1	0.0	0.5	0.4	0.4	3.2	0.2	
	0.1	0.0	0.0	1.3	0.0	9.4	0.3	
	5.3 %	5.1 %	2.7 %	7.9 %	2.3 %	7.3 %	4.9 %	
	100.0 %	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	
	5.4 %	4.9 %	4.7 %	7.6 %	8.6 %	4.5 %	5.6 %	
	11.9	15.7	16.7	11.5	5.9	18.2	12.9	
	4.6	2.7	5.2	3.1	0.3	8.6	4.1	
	1.8	1.9	1.0	1.2	0.5	0.2	1.5	
	1.8	1.2	0.9	2.2	1.4	5.0	1.6	
	0.1	0.0	0.0	0.0	0.0	10.7	0.2	
	3.0	2.7	2.9	3.7	0.3	5.6	2.9	
	28.5	28.7	31.5	29.3	17.0	52.8	28.7	
	4.0	3.8	4.6	5.3	3.3	5.5	4.2	
	0.2	0.1	0.1	0.2	0.1	0.2	0.1	
	32.8%	**33.0 %**	**36.1%**	**34.8 %**	**20.4 %**	**58.5 %**	**33.1 %**	
	31.8%	25.4 %	24.4 %	26.4 %	45.3 %	1.2 %	29.7 %	
	4.4	3.7	3.8	4.1	3.5	3.5	4.1	
	2.1	2.6	4.4	2.7	1.8	2.3	2.6	
	1.2%	1.8 %	1.4 %	1.3 %	0.4 %	0.5 %	1.3 %	
	3.1%	3.4 %	3.3 %	3.4 %	1.6 %	1.6 %	3.1 %	
	1.7	1.5	1.7	1.4	0.5	1.3	1.5	
	1.0	1.0	1.2	0.9	0.7	3.3	1.0	
	0.3	0.4	0.4	0.4	0.0	1.1	0.4	
	0.6	0.5	0.8	0.6	0.3	0.3	0.6	
	1.5	1.3	2.9	1.0	0.2	0.3	1.6	
	0.6 %	0.0 %	0.0 %	0.3 %	0.0 %	1.2 %	0.4 %	
	0.5%	0.6 %	0.0 %	0.9 %	0.8 %	0.0 %	0.5 %	
	1.6	0.8	0.4	1.1	0.0	0.0	1.1	
	1.0	0.9	0.8	1.0	1.2	0.7	1.0	
	6.9	9.0	5.5	12.3	4.9	2.8	7.3	
	2.4	0.7	3.0	4.2	4.4	0.0	2.6	
	0.3	0.1	0.1	0.1	0.1	0.0	0.2	
	3.0	0.3	3.5	2.0	23.6	0.0	3.8	
	0.2	0.1	0.9	0.0	0.0	0.0	0.3	
	2.8	2.0	2.6	2.0	23.6	0.0	3.5	
	6.1	4.8	10.0	6.1	7.5	13.5	6.7	
	70.1	**58.8**	**67.6**	**70.2**	**96.8**	**33.6**	**69.5**	
	102.9 %	**91.2 %**	**103.9 %**	**104.9 %**	**117.4 %**	**92.2 %**	**102.5 %**	
	(2.9)%	**8.8 %**	**(3.9)%**	**(4.9)%**	**(17.4)%**	**7.8 %**	**(2.5)%**	
	10.5 %	**18.8 %**	**(1.4)%**	**3.4 %**	**(0.6)%**	**(2.1)%**	**7.7 %**	
	2.6 %	**7.4 %**	**(1.2)%**	**2.4 %**	**(3.0)%**	**4.6 %**	**2.1 %**	
	5.0 %	**20.2 %**	**(4.1)%**	**(3.9)%**	**(15.0)%**	**1.0 %**	**3.1 %**	
	104	27	12	15	7	8	173	

Table 1.05

COMPARATIVE INCOME STATEMENT — 1987

By Percent of Income Property Loans Serviced to Total Loans Serviced

0% All Residential	Less than 5%	5% to 14.9%	15% to 29.9%	30% to 89.9%	90% to 100%	All Reporting Firms	Income Statement Account
							INCOME:
							Loan Administration
19.6 %	29.0 %	31.0 %	30.6 %	25.3 %	20.7 %	26.7 %	Servicing Fees-1st Mtg. Loans
0.5	0.3	0.5	1.3	0.5	0.5	0.6	Servicing Fees-Non-1st Mtg. Loans
2.8	4.3	4.6	2.6	2.9	1.1	3.5	Other Loan Admin. Income
22.9 %	**33.6 %**	**36.1 %**	**34.5 %**	**28.7 %**	**22.3 %**	**30.8 %**	**Loan Administration Income**
							Loan Origination
1.1 %	0.3 %	1.0 %	0.3 %	1.1 %	1.8 %	0.7 %	Brokerage Fees
5.8	7.4	2.4	4.4	3.7	0.0	5.0	Gain or (Loss) on Mtgs. Sold (Net)
5.9	4.5	5.7	4.2	2.2	0.0	4.9	FHA & VA 1% Fees, 1- to 4-unit
10.6	7.1	6.0	8.0	4.7	1.9	7.7	Conventional Fees, 1- to 4-unit
0.0	0.0	0.3	0.0	2.2	14.6	0.4	Multiunit Fees
0.0	0.2	1.1	3.0	2.9	20.9	1.3	Nonresidential Fees
0.2	0.4	0.9	0.8	0.9	0.0	0.5	Land Development & Const. Fees
4.2	2.6	2.9	4.3	4.1	10.7	3.6	All Other Loan Origination Income
27.8 %	**22.5 %**	**20.3 %**	**25.0 %**	**21.8 %**	**49.9 %**	**24.1 %**	**Loan Origination Income**
							Interest
40.8 %	26.0 %	27.8 %	23.9 %	20.6 %	1.0 %	29.3 %	Inventory of First Mortgages
0.0	0.0	0.0	0.2	0.4	0.0	0.0	Amortization of Deferred Orig. Fees/Cost
1.0	4.0	3.8	4.4	22.4	0.0	4.6	Construction Loans
2.2	9.2	6.3	6.0	3.5	1.5	5.6	Other Interest Income
44.0 %	**39.2 %**	**37.9 %**	**34.5 %**	**46.9 %**	**2.5 %**	**39.5 %**	**Interest Income**
							Net Gain (Loss) on Foreclosures
(0.7)%	(0.6)%	(1.6)%	(0.6)%	(1.3)%	0.0 %	(0.9) %	Permanent Mortgages
0.0	0.0	(0.1)	0.0	(0.1)	0.0	0.0	Construction & Development
0.7	0.8	1.6	0.3	0.4	0.0	0.8	Insurance Commissions
0.1	0.2	0.2	0.6	0.0	2.2	0.2	Property Management Income
0.3	0.0	0.6	0.0	0.0	6.4	0.3	Real Estate Commissions
5.1 %	4.4 %	4.9 %	5.6 %	2.9 %	16.7 %	4.9 %	Other Income
100.0 %	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**TOTAL INCOME**
							EXPENSES:
							Personnel
4.9 %	4.9 %	5.8 %	6.5 %	7.9 %	5.4 %	5.6 %	Loan Administration
12.7	12.5	14.6	13.9	8.2	15.4	12.9	Loan Origination
4.6	3.8	2.9	6.3	1.9	5.8	4.1	Loan Production Officers
1.6	1.8	1.5	1.4	0.9	0.1	1.5	Warehousing/Marketing
2.0	1.7	1.4	0.7	1.4	6.2	1.6	Management
0.1	0.1	0.0	0.0	0.0	7.2	0.2	Directors' Fees
3.3	2.5	2.9	3.1	1.5	6.3	2.9	All Other Personnel
29.1	27.1	29.2	31.8	22.1	46.5	28.7	Total Direct Compensation
3.8	3.9	4.4	5.4	3.4	4.7	4.2	Employee Fringe Benefits
0.2	0.1	0.1	0.1	0.1	0.2	0.1	Education & Training
33.2 %	**31.3 %**	**33.6 %**	**37.4 %**	**25.3 %**	**51.3 %**	**33.1 %**	**Total Personnel Expenses**
							Nonpersonnel Expense
34.8 %	29.5 %	27.2 %	22.9 %	37.2 %	2.6 %	29.7 %	Interest Expense
4.6	3.8	3.9	4.3	4.0	3.8	4.1	Occupancy
2.1	1.8	3.1	4.6	2.1	2.1	2.6	Electronic Data Processing
1.2 %	1.3 %	1.4 %	1.6 %	0.7 %	0.5 %	1.3 %	Other Equipment Rental
							Office Supplies
3.0 %	3.0 %	3.3 %	3.5 %	2.1 %	1.8 %	3.1 %	Postage & Telephone
1.7	1.7	1.3	1.7	0.9	1.4	1.5	Other Office Supplies
0.9	1.0	1.1	1.2	0.9	3.1	1.0	Travel & Entertainment
0.4	0.2	0.3	0.5	0.2	1.0	0.4	Automobiles
0.6	0.6	0.6	0.7	0.3	0.3	0.6	Advertising
1.4	1.8	1.2	2.8	0.5	0.3	1.6	Loan Processing
0.9 %	0.4 %	0.1 %	0.0 %	0.0 %	2.1 %	0.4 %	Brokerage Commissions
							Commitment & Option Fees
0.5 %	0.7 %	0.2 %	0.5 %	0.6 %	0.0 %	0.5 %	GNMA Pools
2.7	0.7	0.9	0.1	0.5	0.0	1.1	Others
0.9	1.0	0.8	0.9	1.3	3.0	1.0	Legal & Auditing Fees
3.5	10.3	7.1	9.0	7.3	4.0	7.3	Amortization-Purchased Servicing
1.5	3.0	1.3	4.3	4.5	0.0	2.6	Servicing Expenses-Forecl. & REO
0.4	0.2	0.1	0.1	0.1	0.1	0.2	Real Estate & Property Management
3.2	1.9	2.3	2.6	18.8	(0.4)	3.8	Net Addition to Loan Loss Reserves
0.1	0.1	0.3	0.2	1.6	0.0	0.3	Construction & Development Loans
3.0	2.4	2.0	2.4	17.1	(0.4)	3.5	Permanent Loans
5.2	6.3	5.9	10.5	7.5	10.3	6.7	All Other Operating Expenses
69.5	**69.2**	**62.1**	**71.8**	**89.5**	**36.0**	**69.5**	**Total Nonpersonnel Expenses**
102.5 %	**100.3 %**	**95.9 %**	**108.9 %**	**115.2 %**	**87.3 %**	**102.5 %**	**TOTAL EXPENSES**
(2.5)%	**(0.3)%**	**4.1 %**	**(8.9)%**	**(15.2)%**	**12.7 %**	**(2.5)%**	**Net Operating Income**
5.2 %	**22.2 %**	**10.5 %**	**(2.7)%**	**(1.5)%**	**0.7 %**	**7.7 %**	**Net Nonrecurring Gain (Loss)**
1.9 %	**5.8 %**	**4.2 %**	**(2.9)%**	**(2.6)%**	**7.8 %**	**2.1 %**	**Taxes on Income**
0.9 %	**16.1 %**	**10.4 %**	**(8.7)%**	**(14.1)%**	**5.5 %**	**3.1 %**	**NET INCOME**
64	31	39	14	15	10	173	Number of Firms Reporting

COMPARATIVE INCOME STATEMENT — 1987
By Type of Ownership

Table 1.06

Bank Holding Company Controlled	S&L Subsidiary	Privately Held	All Others	All Reporting Firms	Your Firm
23.0 %	33.5 %	26.9 %	28.8 %	26.7 %	
0.4	0.9	0.1	0.9	0.6	
3.1	4.2	4.9	3.4	3.5	
26.5 %	**38.6 %**	**31.9 %**	**33.1 %**	**30.8 %**	
0.5 %	0.8 %	2.9 %	0.3 %	0.7 %	
3.7	8.7	3.5	5.9	5.0	
3.7	4.4	9.2	5.0	4.9	
6.6	10.4	7.7	8.1	7.7	
0.4	0.1	1.9	0.1	0.4	
1.4	0.3	1.6	1.4	1.3	
0.6	0.4	0.7	0.4	0.5	
2.3	3.0	5.4	4.9	3.6	
19.2 %	**28.1 %**	**32.9 %**	**26.1 %**	**024.1 %**	
34.3 %	24.4 %	20.0 %	28.1 %	29.3 %	
0.1	0.0	0.0	0.0	0.0	
8.3	3.0	2.1	1.4	4.6	
7.4	1.0	1.4	6.6	5.6	
50.1 %	**28.4 %**	**23.5 %**	**36.1 %**	**39.5 %**	
(0.8) %	(1.0) %	(1.8) %	(0.6) %	(0.9) %	
0.0	0.0	(0.1)	0.0	0.0	
0.7	0.6	2.3	0.6	0.8	
0.1	0.4	0.6	0.3	0.2	
0.0	0.0	2.2	0.0	0.3	
4.2 %	5.0 %	8.4 %	4.4 %	4.9 %	
100.0 %	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	
4.8 %	7.5 %	6.1 %	5.5 %	5.6 %	
9.7	15.3	18.1	14.3	12.9	
3.0	3.4	6.2	5.1	4.1	
1.2	1.6	1.9	1.7	1.5	
1.3	1.7	4.2	1.0	1.6	
0.0	0.1	0.8	0.1	0.2	
2.0	2.5	6.5	2.9	2.9	
21.9	32.3	43.5	30.7	28.7	
3.3	4.6	4.6	4.9	4.2	
0.1	0.1	0.2	0.1	0.1	
25.4 %	**36.8 %**	**48.6 %**	**35.6 %**	**33.1 %**	
37.5 %	21.9 %	18.9 %	26.5 %	29.7 %	
3.1	4.9	5.2	4.8	4.1	
2.0	2.5	2.2	3.7	2.6	
1.0 %	1.8 %	1.4 %	1.5 %	1.3 %	
2.4 %	3.4 %	3.7 %	3.7 %	3.1 %	
1.1	1.8	2.4	1.7	1.5	
0.8	1.0	1.3	1.3	1.0	
0.2	0.4	0.8	0.4	0.4	
0.4	0.5	0.8	0.8	0.6	
0.8	1.5	1.7	2.7	1.6	
0.5 %	0.0 %	0.5 %	0.3 %	0.4 %	
0.4 %	0.6 %	0.9 %	0.5 %	0.5 %	
0.6	1.5	1.1	1.7	1.1	
0.6	1.5	1.4	1.0	1.0	
5.4	9.0	6.3	9.4	7.3	
1.7	1.3	1.5	4.5	2.6	
0.0	0.1	0.1	0.4	0.2	
4.7	3.8	0.8	3.6	3.8	
0.4	0.3	0.3	0.1	0.3	
4.3	3.4	0.5	3.4	3.5	
5.0	6.6	7.4	8.8	6.7	
68.2	**64.1**	**58.4**	**77.3**	**69.5**	
93.7 %	**101.1 %**	**106.8 %**	**112.9 %**	**102.5 %**	
6.3 %	**(1.1)%**	**(6.8)%**	**(12.9)%**	**(2.5)%**	
4.1 %	**10.5 %**	**13.0 %**	**7.6 %**	**7.7 %**	
4.0 %	**9.1 %**	**(0.2)%**	**(2.5)%**	**2.1 %**	
6.4 %	**0.2 %**	**6.3 %**	**(2.9)%**	**3.1 %**	
56	31	54	32	173	

INCOME STATEMENT 1987 - AVERAGE FIRM

Table		Page
2.01	By Millions of Dollars of Total Mortgage Originations (In-House and Purchased)	30
2.02	By Percent of 1- to 4-Unit Purchased Production to Total 1- to 4-Unit Production	31
2.03	By Millions of Dollars of Mortgage Loans Serviced	32
2.04	By Percent of Income Property Loans Closed to Total Loans Closed	33
2.05	By Percent of Income Property Loans Serviced to Total Loans Serviced	34
2.06	By Type of Ownership	35

TABLE 2.01

INCOME STATEMENT 1987 — AVERAGE FIRM

By Millions of Dollars of Total Mortgage Originations (In-House and Purchased)

Under $100	$100 to $199.9	$200 to $299.9	$300 to $499.9	$500 to $999.9	$1,000 and Over	All Reporting Firms	Income Statement Account
			(Dollars in Thousands)				
							INCOME:
							Loan Administration
$ 1,092	$ 2,455	$ 2,669	$ 5,394	$ 10,161	$ 25,017	$ 7,419	Servicing Fees-1st Mtg. Loans
23	28	24	62	239	647	163	Servicing Fees-Non-1st Mtg. Loans
151	429	389	790	1,267	3,194	984	Other Loan Admin. Income
$ 1,266	**$ 2,910**	**$ 3,082**	**$ 6,246**	**$ 11,667**	**$ 28,858**	**$ 8,566**	**Loan Administration Income**
							Loan Origination
$ 164	$ 243	$ 159	$ 184	$ 206	$ 309	$ 208	Brokerage Fees
141	273	81	120	2,140	6,020	1,401	Gain or (Loss) on Mtgs. Sold (Net)
191	442	655	1,284	1,953	3,988	1,347	FHA & VA 1% Fees, 1- to 4-unit
277	613	1,056	1,640	3,058	6,864	2,140	Conventional Fees, 1- to 4-unit
13	7	318	107	107	205	119	Multiunit Fees
33	95	23	319	610	1,121	349	Nonresidential Fees
92	58	105	171	180	329	152	Land Development & Const. Fees
76	174	387	675	1,398	3,561	991	All Other Loan Origination Income
$ 987	**$ 1,905**	**$ 2,784**	**$ 4,500**	**$ 9,652**	**$ 22,397**	**$ 6,707**	**Loan Origination Income**
							Interest
$ 644	$ 1,451	$ 3,064	$ 5,287	$ 10,242	$ 30,820	$ 8,132	Inventory of First Mortgages
0	54	0	0	42	(17)	13	Amortization of Deferred Orig. Fees/Cost
279	207	1,178	851	1,249	4,325	1,285	Construction Loans
64	278	1,059	957	2,899	4,565	1,558	Other Interest Income
$ 987	**$ 1,990**	**$ 5,301**	**$ 7,095**	**$ 14,432**	**$ 39,693**	**$ 10,988**	**Interest Income**
$ (21)	$ (62)	$ (159)	$ (156)	$ (418)	$ (724)	$ (244)	Net Gain (Loss) on Foreclosures
(4)	0	(4)	(8)	(3)	(23)	(7)	Permanent Mortgages
32	52	57	153	345	801	229	Construction & Development
22	44	8	27	152	150	66	Insurance Commissions
81	105	2	6	226	2	73	Property Management Income
$ 136	$ 423	$ 970	$ 1,461	$ 2,517	$ 3,073	$ 1,358	Real Estate Commissions
							Other Income
$ 3486	**$ 7,368**	**$ 12,135**	**$ 19,323**	**$ 38,569**	**$ 94,226**	**$ 27,751**	**TOTAL INCOME**
							EXPENSES:
							Personnel
$ 294	$ 610	$ 646	$ 1,116	$ 1,929	$ 5,148	$ 1,547	Loan Administration
516	922	1,636	3,208	5,011	11,342	3,584	Loan Origination
144	546	530	864	1,912	3,178	1,139	Loan Production Officers
81	179	164	383	587	1,268	422	Warehousing/Marketing
172	410	256	389	709	808	442	Management
60	61	30	29	60	3	42	Directors' Fees
162	331	357	996	1,268	1,906	796	All Other Personnel
1,415	3,071	3,618	6,898	11,475	23,653	7,957	Total Direct Compensation
146	447	437	947	1,603	3,747	1,159	Employee Fringe Benefits
11	13	17	47	61	92	38	Education & Training
$ 1,586	**$ 3,519**	**$ 4,073**	**$ 7,979**	**$ 13,140**	**$ 27,492**	**$ 9,169**	**Total Personnel Expenses**
							Nonpersonnel Expense
$ 737	$ 1,339	$ 4,000	$ 5,085	$ 10,570	$ 30,382	$ 8,240	Interest Expense
205	441	408	962	1,804	3,379	1,145	Occupancy
140	195	266	544	893	2,553	729	Electronic Data Processing
$ 77	$ 108	$ 151	$ 343	$ 478	$ 1,084	$ 356	Other Equipment Rental
							Office Supplies
$ 122	$ 309	$ 256	$ 677	$ 1,141	$ 2,899	$ 856	Postage & Telephone
72	144	198	363	626	1,307	430	Other Office Supplies
51	85	103	251	344	986	288	Travel & Entertainment
27	77	59	60	142	250	98	Automobiles
26	45	82	120	213	563	166	Advertising
55	81	164	487	660	1,364	444	Loan Processing
$ 22	$ 70	$ 13	$ 40	$ 12	$ 525	$ 107	Brokerage Commissions
							Commitment & Option Fees
$ 23	$ 25	$ 65	$ 116	$ 241	$ 389	$ 137	GNMA Pools
31	61	76	263	528	1,049	318	Others
71	105	104	236	423	738	268	Legal & Auditing Fees
185	566	244	1,175	2,381	8,219	2,016	Amortization-Purchased Servicing
76	167	93	241	1,327	2,527	708	Servicing Expenses-Forecl. & REO
20	7	16	165	12	99	49	Real Estate & Property Management
88	229	410	758	1,362	3,770	1,045	Net Addition to Loan Loss Reserves
78	176	15	77	19	99	76	Construction & Development Loans
10	681	396	681	1,343	3,672	969	Permanent Loans
185	558	768	1,305	2,171	6,874	1,871	All Other Operating Expenses
2213	4,612	7,476	13,191	25,328	68,957	19,271	**Total Nonpersonnel Expenses**
$ 3,801	**$ 8,143**	**$ 11,551**	**$ 21,081**	**$ 38,466**	**$ 96,448**	**$ 28,430**	**TOTAL EXPENSES**
$ (315)	**$ (774)**	**$ 584**	**$ (1,758)**	**$ 103**	**$ (2,222)**	**$ (680)**	**Net Operating Income**
$ 363	**$ 452**	**$ (216)**	**$ 667**	**$ 3,770**	**$ 4,926**	**$ 2,123**	**Net Nonrecurring Gain (Loss)**
$ 40	**$ (171)**	**$ 568**	**$ (222)**	**$ 1,316**	**$ 1,870**	**$ 577**	**Taxes on Income**
$ 8	**$ (141)**	**$ (200)**	**$ (869)**	**$ 2,557**	**$ 834**	**$ 866**	**NET INCOME**
39	26	27	25	29	27	173	Number of Firms Reporting

INCOME STATEMENT 1987 — AVERAGE FIRM

By Percent of 1- to 4-Unit Purchased Production to Total 1 - to 4-Unit Production

Table 2.02

	0% All In-House	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 99.9%	100% Purchased Production	All Reporting Firms	Your Firm
				(Dollars in Thousands)				
	$ 4,368	$ 6,699	$ 5,577	$ 12,644	$ 13,189	$ 19,176	$ 7,741	
	54	82	31	362	462	0	169	
	593	1,039	803	1,136	1,813	3,218	1,030	
	$ 5,015	**$ 7,820**	**$ 6,411**	**$ 14,142**	**$ 15,464**	**$ 22,394**	**$ 8,940**	
	$ 258	$ 164	$ 330	$ 250	$ 80	$ 0	$ 212	
	1,118	1,035	947	5,522	705	0	1,469	
	1,357	1,308	1,618	2,557	867	0	1,412	
	1,761	2,020	1,851	6,499	1,273	0	2,241	
	68	7	29	308	77	0	77	
	238	225	154	808	415	0	318	
	184	233	123	82	112	0	159	
	951	769	408	3,281	602	0	1,014	
	$ 5,935	**$ 5,761**	**$ 5,460**	**$ 19,307**	**$ 4,131**	**$ 0**	**$ 6,902**	
	$ 4,250	$ 11,746	$ 5,489	$ 17,228	$ 9,993	$ 0	$ 8,524	
	0	40	0	42	1	0	13	
	600	1,458	1,186	5,180	519	0	1,347	
	544	2,409	3,755	969	1,469	0	1,629	
	$ 5,394	**$ 15,653**	**$ 10,430**	**$ 23,419**	**$ 11,982**	**$ 0**	**$ 11,513**	
	$ (78)	$ (267)	$ (474)	$ (234)	$ (259)	$ (4,776)	$ (256)	
	(8)	(10)	(17)	0	0	0	(7)	
	132	247	264	186	338	3,207	240	
	54	20	0	357	3	0	62	
	58	100	2	0	77	0	56	
	$ (1,053)	$ (1,414)	$ (1,267)	$ 2,634	$ (1,440)	$ (1,010)	$ 1,408)	
	$ 17,554	**$ 30,739**	**$ 23,449**	**$ 59,811**	**$ 33,175**	**$ 21,835**	**$ 28,874**	
	$ 987	$ 1,320	$ 1,130	$ 3,198	$ 2,350	$ 5,552	$ 1,612	
	3,195	3,136	3,647	7,326	3,390	0	3,717	
	864	1,684	1,209	1,943	731	0	1,175	
	260	344	436	923	612	0	442	
	467	420	324	537	523	0	452	
	11	50	19	15	10	0	20	
	595	657	905	1,363	1,050	0	822	
	6,374	7,611	7,670	15,185	8,665	5,552	8,225	
	809	1,026	923	2,557	1,557	0	1,203	
	28	74	22	42	36	0	40	
	$ 7,216	**$ 8,711**	**$ 8,615**	**$ 17,904**	**$ 10,259**	**$ 5,552**	**$ 9,483**	
	$ 4,051	$ 12,161	$ 7,061	$ 18,200	$ 8,668	$ 2,257	$ 8,637	
	880	1,192	901	2,391	1,298	506	1,193	
	534	661	662	1,773	749	1,080	760	
	$ 221	$ 270	$ 324	$ 874	$ 485	$ 729	$ 372	
	$ 595	$ 835	$ 715	$ 1,669	$ 1,153	$ 1,365	$ 894	
	363	417	377	920	431	0	448	
	189	247	279	609	374	0	295	
	110	102	65	146	89	0	101	
	115	181	149	483	117	0	174	
	644	441	304	778	141	0	465	
	$ 29	$ 33	$ 1	$ 783	$ 41	$ 0	$ 110	
	$ 88	$ 154	$ 68	$ 274	$ 216	$ 0	$ 144	
	129	235	294	1,494	181	0	334	
	201	283	191	593	310	0	280	
	1,036	1,647	853	3,009	4,712	7,772	2,108	
	536	928	186	1,084	1,144	0	743	
	108	3	1	21	66	0	52	
	338	1,146	677	4,726	584	2,019	1,095	
	137	80	54	30	30	0	80	
	200	4,696	623	4,696	554	2,019	1,016	
	893	1,603	1,491	6,083	2,029	3,265	1,931	
	11,060	**22,539**	**14,599**	**45,910**	**22,788**	**18,993**	**20,136**	
	$ 18,278	**$ 31,251**	**$ 23,213**	**$ 63,692**	**$ 33,046**	**$ 24,545**	**$ 29,604**	
	$ (724)	**$ (512)**	**$ 236**	**$ (3,880)**	**$ 129**	**$ (2,710)**	**$ (730)**	
	$ 1,266	**$ 2,904**	**$ 4,422**	**$ 259**	**$ 2,327**	**$ 5,071**	**$ 2,161**	
	$ 544	**$ 500**	**$ 894**	**$ (501)**	**$ 1,377**	**$ 808**	**$ 593**	
	$ (2)	**$ 1,892**	**$ 3,764**	**$ (3,120)**	**$ 11,553**	**$ 838**	**$ 838**	
	55	35	24	18	32	1	165	

Table 2.03

INCOME STATEMENT 1987 — AVERAGE FIRM
By Millions of Dollars of Mortgage Loans Serviced

Under $200	$200 to $499.9	$500 to $999.9	$1,000 to $1,999.9	$2,000 to $4,999.9	$5,000 and Over	All Reporting Firms	Income Statement Account
			(Dollars in Thousands)				
							INCOME:
$ 358	$ 1,135	$ 2,459	$ 4,454	$ 9,694	$ 30,215	$ 7,419	Loan Administration
17	17	38	59	237	702	163	Servicing Fees-1st Mtg. Loans
31	113	363	666	1,446	3,680	984	Servicing Fees-Non-1st Mtg. Loans
$ 406	**$ 1,265**	**$ 2,860**	**$ 5,179**	**$ 11,377**	**$ 34,597**	**$ 8,566**	Other Loan Admin. Income
							Loan Administration Income
$ 346	$ 149	$ 81	$ 176	$ 222	$ 346	$ 208	Loan Origination
79	534	(289)	738	1,743	6,729	1,401	Brokerage Fees
334	421	821	1,330	1,308	4,371	1,347	Gain or (Loss) on Mtgs. Sold (Net)
332	611	1,769	1,254	2,647	6,793	2,140	FHA & VA 1% Fees, 1- to 4-unit
7	1	246	131	13	322	119	Conventional Fees, 1- to 4-unit
9	61	13	151	607	1,427	349	Multiunit Fees
25	6	123	148	404	132	152	Nonresidential Fees
100	197	632	864	845	3,784	991	Land Development & Const. Fees
$ 1,232	**$ 1,980**	**$ 3,396**	**$ 4,792**	**$ 7,789**	**$ 23,904**	**$ 6,707**	All Other Loan Origination Income
							Loan Origination Income
$ 835	$ 1,546	$ 3,767	$ 4,672	$ 7,586	$ 35,444	$ 8,132	Interest
0	1	(13)	47	36	0	13	Inventory of First Mortgages
74	8	1,062	632	2,370	3,637	1,285	Amortization of Deferred Orig. Fees/Cost
203	72	1,029	492	2,186	5,986	1,558	Construction Loans
$ 1,112	**$ 1,627**	**$ 5,845**	**$ 5,843**	**$ 12,178**	**$ 45,067**	**$ 10,988**	Other Interest Income
							Interest Income
$ (14)	$ (74)	$ (37)	$ (176)	$ (305)	$ (1,001)	$ (244)	Net Gain (Loss) on Foreclosures
9	(2)	0	(22)	(2)	(28)	(7)	Permanent Mortgages
1	25	48	245	211	985	229	Construction & Development
27	45	9	77	84	176	66	Insurance Commissions
1	7	89	112	175	2	73	Property Management Income
$ (288)	$ (617)	$ (723)	$ (1,240)	$ (2,307)	$ (3,064)	$ (1,358)	Real Estate Commissions
							Other Income
$ 3,062	**$ 5,490**	**$ 12,933**	**$ 17,375**	**$ 33,812**	**$ 106,766**	**$ 27,751**	**TOTAL INCOME**
							EXPENSES:
$ 98	$ 324	$ 618	$ 968	$ 2,080	$ 5,876	$ 1,547	Personnel
522	1,025	1,962	2,448	3,772	13,454	3,584	Loan Administration
275	321	827	841	2,031	2,542	1,139	Loan Origination
83	147	292	289	516	1,333	422	Loan Production Officers
207	235	347	481	572	829	442	Warehousing/Marketing
8	31	82	52	11	64	42	Management
214	203	493	961	1,045	1,973	796	Directors' Fees
1,385	2,266	4,558	6,041	10,051	26,072	7,957	All Other Personnel
118	274	589	694	1,325	4,512	1,159	Total Direct Compensation
7	12	27	17	60	117	38	Employee Fringe Benefits
$ 1,532	**$ 2,572**	**$ 5,237**	**$ 6,751**	**$ 11,412**	**$ 30,700**	**$ 9,169**	Education & Training
							Total Personnel Expenses
$ 980	$ 1,262	$ 4,561	$ 4,160	$ 8,526	$ 34,505	$ 8,240	Nonpersonnel Expense
194	276	568	786	1,426	4,089	1,145	Interest Expense
92	112	281	504	843	2,926	729	Occupancy
$ 41	$ 91	$ 206	$ 227	$ 425	$ 1,290	$ 356	Electronic Data Processing
							Other Equipment Rental
$ 91	$ 186	$ 405	$ 482	$ 1,026	$ 3,361	$ 856	Office Supplies
69	95	231	309	581	1,439	430	Postage & Telephone
45	54	147	178	355	1,077	288	Other Office Supplies
36	43	58	100	115	266	98	Travel & Entertainment
31	40	83	131	150	655	166	Automobiles
167	55	230	457	309	1,697	444	Advertising
$ 15	$ 27	$ 310	$ 0	$ 62	$ 195	$ 107	Loan Processing
							Brokerage Commissions
$ 57	$ 43	$ 29	$ 122	$ 113	$ 550	$ 137	Commitment & Option Fees
41	108	117	217	381	1,201	318	GNMA Pools
51	62	155	174	363	892	268	Others
16	149	376	528	2,264	10,368	2,016	Legal & Auditing Fees
14	77	93	384	655	3,612	708	Amortization-Purchased Servicing
195	12	13	11	8	108	49	Servicing Expenses-Forecl. & REO
118	23	458	447	1,447	4,288	1,045	Real Estate & Property Management
44	7	3	259	94	37	76	Net Addition to Loan Loss Reserves
73	188	456	188	1,353	4,252	969	Construction & Development Loans
314	374	816	750	2,106	7,971	1,871	Permanent Loans
2,567	**3,089**	**9,137**	**9,967**	**21,155**	**80,490**	**19,271**	All Other Operating Expenses
$ 4,096	**$ 5,641**	**$ 14,311**	**$ 16,716**	**$ 32,590**	**$ 111,192**	**$ 28,430**	**Total Nonpersonnel Expenses**
							TOTAL EXPENSES
$ (1,034)	**$ (152)**	**$ (1,378)**	**$ 659**	**$ 1,222**	**$ (4,425)**	**$ (680)**	**Net Operating Income**
$ 328	**$ 384**	**$ (386)**	**$ 2,035**	**$ 2,195**	**$ 5,609**	**$ 2,123**	**Net Nonrecurring Gain (Loss)**
$ (503)	**$ (3)**	**$ (282)**	**$ 761**	**$ 1,580**	**$ 1,586**	**$ 577**	**Taxes on Income**
$ (203)	**$ 235**	**$ (1,482)**	**$ 1,933**	**$ 1,837**	**$ (402)**	**$ 866**	**NET INCOME**
24	27	35	30	34	23	173	Number of Firms Reporting

INCOME STATEMENT 1987 — AVERAGE FIRM

By Percent of Income Property Loans Closed to Total Loans Closed

Table 2.04

0% All Residential	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 99.9%	100% Income Property	All Reporting Firms	Your Firm
			(Dollars in Thousands)				
$ 6,442	$ 6,960	$ 17,300	$ 10,093	$ 8,635	$ 765	$ 7,419	
117	192	0	579	261	36	163	
954	779	2,263	1,230	586	45	984	
$ 7,513	**$ 7,931**	**$ 19,563**	**$ 11,902**	**$ 9,482**	**$ 846**	**$ 8,566**	
$ 209	$ 244	$ 377	$ 117	$ 50	$ 123	$ 208	
1,204	1,598	5,040	629	581	0	1,401	
1,241	1,177	4,618	986	284	0	1,347	
2,057	2,196	4,929	1,520	2,083	65	2,140	
25	26	83	186	795	988	119	
33	172	1,596	927	1,614	977	349	
98	85	966	80	147	0	152	
783	1,013	3,170	384	2,110	523	991	
$ 5,650	**$ 6,511**	**$ 20,779**	**$ 4,829**	**$ 7,664**	**$ 2,676**	**$ 6,707**	
$ 8,329	$ 6,924	$ 14,934	$ 8,145	$ 7,418	$ 55	$ 8,132	
(4)	1	0	93	174	0	13	
786	250	3,674	653	11,429	0	1,285	
1,444	409	7,890	290	1,227	96	1,558	
$ 10,555	**$ 7,584**	**$ 26,498**	**$ 9,181**	**$ 20,248**	**$ 151**	**$ 10,988**	
$ (197)	$ (140)	$ (993)	$ (353)	$ (120)	$ 0	$ (244)	
(3)	(1)	(71)	0	0	0	(7)	
183	216	625	439	86	0	229	
33	2	345	110	135	147	66	
34	0	9	366	4	432	73	
$ 1,320	$ 1,181	$ 1,883	$ 2,282	$ 896	$ 334	$ 1,358	
$ 25,088	**$ 23,283**	**$ 68,853**	**$ 28,757**	**$ 38,397**	**$ 4,584**	**$ 27,751**	
$ 1,347	$ 1,136	$ 3,250	$ 2,196	$ 3,320	$ 206	$ 1,547	
2,993	3,652	11,517	3,300	2,250	835	3,584	
1,149	625	3,591	905	112	394	1,139	
448	433	693	340	189	10	422	
444	283	621	628	550	228	442	
29	8	12	3	0	490	42	
745	629	2,013	1,069	125	258	796	
7,153	6,687	21,697	8,439	6,545	2,421	7,957	
1,007	876	3,192	1,516	1,281	253	1,159	
40	27	63	44	43	10	38	
$ 8,202	**$ 7,669**	**$ 24,952**	**$ 10,001**	**$ 7,870**	**$ 2,684**	**$ 9,169**	
$ 7,966	$ 5,919	$ 16,773	$ 7,591	$ 17,384	$ 57	$ 8,240	
1,105	856	2,625	1,193	1,339	161	1,145	
538	615	3,009	789	690	106	729	
$ 306	$ 408	$ 979	$ 382	$ 157	$ 25	$ 356	
$ 771	$ 780	$ 2,260	$ 985	$ 619	$ 73	$ 856	
414	354	1,176	389	202	58	430	
253	234	852	265	263	149	288	
87	82	301	112	17	50	98	
153	105	546	172	107	16	166	
381	306	1,990	284	89	16	444	
$ 162	$ 0	$ 9	$ 80	$ 2	$ 53	$ 107	
$ 132	$ 140	$ 27	$ 253	$ 295	$ 0	$ 137	
410	180	253	302	0	0	318	
253	207	568	274	477	31	268	
1,725	2,104	3,777	3,536	1,888	129	2,016	
606	163	2,098	1,204	1,692	0	708	
65	22	35	37	26	1	49	
748	62	2,436	573	9,064	0	1,045	
44	32	626	9	9	0	76	
704	565	1,810	565	9,055	0	969	
1,530	1,120	6,896	1,757	2,893	618	1,871	
17,605	**13,657**	**46,610**	**20,178**	**37,204**	**1,543**	**19,271**	
$ 25,809	**$ 21,245**	**$ 71,560**	**$ 30,175**	**$ 45,072**	**$ 4,227**	**$ 28,430**	
$ (721)	**$ 2,038**	**$ (2,707)**	**$ (1,418)**	**$ (6,675)**	**$ 357**	**$ (680)**	
$ 2,644	**$ 4,386**	**$ (993)**	**$ 980**	**$ (245)**	**$ (98)**	**$ 2,123**	
$ 662	**$ 1,726**	**$ (854)**	**$ 680**	**$ (1,163)**	**$ 212**	**$ 577**	
$ 1,261	**$ 4,698**	**$ (2,846)**	**$ (1,118)**	**$ (5,757)**	**$ 47**	**$ 866**	
104	27	12	15	7	8	173	

Table 2.05

INCOME STATEMENT 1987 — AVERAGE FIRM

By Percent of Income Property Loans Serviced to Total Loans Serviced

0% All Residential	Less than 5%	5% to 14.9%	15% to 29.9%	30% to 89.9%	90% to 100%	All Reporting Firms	Income Statement Account
			(Dollars in Thousands)				
							INCOME:
$ 3,982	$11,905	$ 7,945	$17,215	$ 6,499	$ 1,121	$ 7,419	Loan Administration
96	126	137	753	130	28	163	Servicing Fees-1st Mtg. Loans
564	1,776	1,190	1,480	758	62	984	Servicing Fees-Non-1st Mtg. Loans
$ 4,642	**$13,807**	**$ 9,272**	**$19,448**	**$ 7,387**	**$ 1,211**	**$ 8,566**	Other Loan Admin. Income
							Loan Administration Income
$ 226	$ 137	$ 256	$ 157	$ 270	$ 99	$ 208	Loan Origination
1,178	3,030	611	2,486	961	0	1,401	Brokerage Fees
1,195	1,866	1,458	2,375	572	0	1,347	Gain or (Loss) on Mtgs. Sold (Net)
2,154	2,916	1,532	4,511	1,203	103	2,140	FHA & VA 1% Fees, 1- to 4-unit
10	8	84	14	556	790	119	Conventional Fees, 1- to 4-unit
0	83	294	1,688	751	1,134	349	Multiunit Fees
38	152	241	456	223	0	152	Nonresidential Fees
846	1,073	740	2,413	1,047	577	991	Land Development & Const. Fees
$ 5,647	**$ 9,265**	**$ 5,216**	**$14,100**	**$ 5,583**	**$ 2,703**	**$ 6,707**	All Other Loan Origination Income
							Loan Origination Income
$ 8,293	$10,659	$ 7,119	$13,444	$ 5,288	$ 55	$ 8,132	Interest
(7)	1	0	87	93	0	13	Inventory of First Mortgages
202	1,631	972	2,468	5,760	0	1,285	Amortization of Deferred Orig. Fees/Cost
452	3,767	1,602	3,357	904	81	1,558	Construction Loans
$ 8,940	**$16,058**	**$ 9,693**	**$19,356**	**$12,045**	**$ 136**	**$10,988**	Other Interest Income
							Interest Income
$ (138)	$ (257)	$ (407)	$ (326)	$ (334)	$ 0	$ (244)	Net Gain (Loss) on Foreclosures
2	(3)	(23)	0	(23)	0	(7)	Permanent Mortgages
145	319	414	195	105	0	229	Construction & Development
16	69	62	318	10	118	66	Insurance Commissions
55	0	143	3	3	345	73	Property Management Income
$ 1,038	$ 1,792	$ 1,247	$ 3,151	$ 747	$ 903	$ 1,358	Real Estate Commissions
							Other Income
$20,346	**$41,050**	**$25,619**	**$56,244**	**$25,697**	**$ 5,415**	**$27,751**	**TOTAL INCOME**
							EXPENSES:
$ 989	$ 1,999	$ 1,478	$ 3,664	$ 2,031	$ 292	$ 1,547	Personnel
2,579	5,138	3,752	7,800	2,118	836	3,584	Loan Administration
938	1,547	738	3,556	482	315	1,139	Loan Origination
326	734	392	766	227	8	422	Loan Production Officers
417	701	353	376	372	334	442	Warehousing/Marketing
20	56	7	3	0	392	42	Management
666	1,029	755	1,736	397	341	796	Directors' Fees
5,920	11,134	7,475	17,901	5,683	2,518	7,957	All Other Personnel
767	1,595	1,117	3,044	878	257	1,159	Total Direct Compensation
33	52	38	65	26	12	38	Employee Fringe Benefits
$ 6,735	**$12,851**	**$ 8,630**	**$21,010**	**$ 6,531**	**$ 2,787**	**$ 9,169**	Education & Training
							Total Personnel Expenses
$ 7,077	$12,115	$ 6,979	$12,854	$ 9,567	$ 139	$ 8,240	Nonpersonnel Expense
931	1,560	1,002	2,391	1,035	206	1,145	Interest Expense
419	749	793	2,568	542	112	729	Occupancy
$ 242	$ 539	$ 348	$ 915	$ 185	$ 26	$ 356	Electronic Data Processing
							Other Equipment Rental
$ 616	$ 1,251	$ 858	$ 1,958	$ 534	$ 96	$ 856	Office Supplies
349	679	336	973	238	74	430	Postage & Telephone
185	425	269	656	232	169	288	Other Office Supplies
90	93	84	271	53	52	98	Travel & Entertainment
132	244	159	374	78	17	166	Automobiles
280	732	311	1,561	135	17	444	Advertising
$ 180	$ 147	$ 33	$ 0	$ 1	$ 114	$ 107	Loan Processing
							Brokerage Commissions
$ 106	$ 286	$ 57	$ 255	$ 152	$ 0	$ 137	Commitment & Option Fees
541	296	225	44	126	0	318	GNMA Pools
182	395	216	531	334	165	268	Others
705	4,244	1,813	5,076	1,881	215	2,016	Legal & Auditing Fees
312	1,229	333	2,430	1,166	0	708	Amortization-Purchased Servicing
75	63	25	42	15	4	49	Servicing Expenses-Forecl. & REO
644	763	594	1,467	4,824	(23)	1,045	Real Estate & Property Management
24	25	73	122	418	0	76	Net Addition to Loan Loss Reserves
620	1,346	522	1,346	4,406	(23)	969	Construction & Development Loans
1,052	2,600	1,511	5,878	1,925	560	1,871	Permanent Loans
14,118	**28,410**	**15,946**	**40,244**	**23,023**	**1,943**	**19,271**	All Other Operating Expenses
$20,845	**$41,190**	**$24,578**	**$61,253**	**$29,609**	**$ 4,730**	**$28,430**	**Total Nonpersonnel Expenses**
							TOTAL EXPENSES
$ (499)	**$ (139)**	**$ 1,041**	**$ (5,008)**	**$ (3,911)**	**$ 685**	**$ (680)**	**Net Operating Income**
$ 1,066	**$ 9,117**	**$ 2,689**	**$ (1,544)**	**$ (375)**	**$ 40**	**$ 2,123**	**Net Nonrecurring Gain (Loss)**
$ 380	**$ 2,368**	**$ 1,068**	**$ (1,634)**	**$ (664)**	**$ 425**	**$ 577**	**Taxes on Income**
$ 187	**$ 6,610**	**$ 2,662**	**$ (4,918)**	**$ (3,622)**	**$ 300**	**$ 866**	**NET INCOME**
64	31	39	14	15	10	173	Number of Firms Reporting

INCOME STATEMENT 1987 — AVERAGE FIRM
By Type of Ownership

Table 2.06

Bank Holding Company Controlled	S&L Subsidiary	Privately Held	All Others	All Reporting Firms	Your Firm
		(Dollars in Thousands)			
$ 8,401	$ 6,887	$ 2,792	$14,022	$ 7,419	
134	177	15	447	163	
1,124	864	508	1,661	984	
$ 9,659	**$ 7,928**	**$ 3,315**	**$16,130**	**$ 8,566**	
$ 182	$ 159	$ 304	$ 137	$ 208	
1,362	1,778	364	2,853	1,401	
1,341	911	950	2,450	1,347	
2,406	2,129	801	3,944	2,140	
133	12	201	59	119	
504	55	161	678	349	
236	89	69	206	152	
826	619	563	2,367	991	
$ 6,990	**$ 5,752**	**$ 3,413**	**$12,694**	**$ 6,707**	
$12,529	$ 5,016	$ 2,072	$13,683	$ 8,132	
39	1	0	0	13	
3,023	614	216	698	1,285	
2,720	198	146	3,226	1,558	
$18,311	**$ 5,829**	**$ 2,434**	**$17,607**	**$10,988**	
$ (292)	$ (208)	$ (184)	$ (297)	$ (244)	
(17)	5	(7)	0	(7)	
249	130	241	269	229	
25	74	67	126	66	
1	1	232	1	73	
$ 1,548	$ 1,034	$ 869	$ 2,166	$ 1,358	
$36,520	**$20,544**	**$10,381**	**$48,696**	**$27,751**	
$ 1,764	$ 1,551	$ 634	$ 2,701	$ 1,547	
3,547	3,149	1,877	6,950	3,584	
1,095	706	639	2,477	1,139	
443	335	197	850	422	
473	339	438	493	442	
0	29	82	61	42	
729	507	673	1,398	796	
8,014	6,643	4,520	14,930	7,957	
1,222	947	480	2,398	1,159	
49	24	21	64	38	
$ 9,322	**$ 7,587**	**$ 5,041**	**$17,392**	**$ 9,169**	
$13,696	$ 4,508	$ 1,962	$12,901	$ 8,240	
1,119	1,002	543	2,346	1,145	
722	521	224	1,796	729	
$ 351	$ 367	$ 143	$ 713	$ 356	
$ 873	$ 690	$ 380	$ 1,787	$ 856	
396	376	246	852	430	
292	204	132	627	288	
75	81	86	177	98	
155	93	84	397	166	
275	298	174	1,335	444	
$ 179	$ 3	$ 57	$ 168	$ 107	
$ 131	$ 114	$ 92	$ 245	$ 137	
233	305	119	816	318	
237	311	150	482	268	
1,975	1,851	651	4,554	2,016	
635	268	153	2,200	708	
12	21	13	204	49	
1,721	790	83	1,731	1,045	
139	53	28	69	76	
1,582	1,662	55	1,662	969	
1,843	1,362	766	4,276	1,871	
24,920	**13,165**	**6,058**	**37,607**	**19,271**	
$34,204	**$20,778**	**$11,090**	**$55,001**	**$28,430**	
$ 2,316	**$ (234)**	**$ (709)**	**$ (6,305)**	**$ (680)**	
$ 1,510	**$ 2,159**	**$ 1,345**	**$ 3,690**	**$ 2,123**	
$ 1,476	**$ 1,878**	**$ (16)**	**$ (1,206)**	**$ 577**	
$ 2,350	**$ 47**	**$ 652**	**$ (1,409)**	**$ 866**	
56	31	54	32	173	

COMPARATIVE BALANCE SHEET - 1987

Table		Page
3.01	By Millions of Dollars of Total Mortgage Originations (In-House and Purchased)	38
3.02	By Percent of 1- to 4-Unit Purchased Production to Total 1- to 4-Unit Production	39
3.03	By Millions of Dollars of Mortgage Loans Serviced	40
3.04	By Percent of Income Property Loans Closed to Total Loans Closed	41
3.05	By Percent of Income Property Loans Serviced to Total Loans Serviced	42
3.06	By Type of Ownership	43

Table 3.01

COMPARATIVE BALANCE SHEET — 1987

By Million of Dollars of Total Mortgage Originations (In-House and Purchased)

Under $100	$100 to $199.9	$200 to $299.9	$300 to $499.9	$500 to $999.9	$1,000 and Over	All Reporting Firms	Income Statement Account
3.8%	3.4%	2.0%	2.1%	2.0%	1.3%	1.6%	Cash (Except Escrows & Other Fiduciary Funds)
5.2	10.1	1.8	14.3	1.5	1.5	3.1	Other Marketable Securities, At Cost
5.8%	4.3%	4.7%	5.7%	6.0%	5.9%	5.8%	Receivables
							Inventory:
33.2%	43.2%	51.2%	38.8%	46.4%	36.9%	39.8%	First Mortgages, Principal Balances
0.4	0.5	0.8	0.7	0.8	0.3	0.5	Premium (Discount)
0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	Deferred Orig. fees/cost (Net of Amort.)
32.7	42.6	50.4	38.2	45.6	36.6	39.3	First Mortgages, At Cost
0.8	5.7	0.2	1.4	1.2	0.6	0.9	Land Loans, Disbursed
20.9	8.1	24.1	8.0	7.5	9.9	10.2	Construction Loans, Disbursed
0.0	0.0	0.0	0.0	0.0	0.0	0.0	Home Improvement Loans
0.5	0.4	3.4	0.5	2.2	0.2	0.8	Other Loans in Inventory
55.0	56.8	78.1	48.0	56.5	47.3	51.2	Total Inventory
1.7%	2.7%	0.7%	2.4%	4.1%	2.8%	2.9%	Other Current Assets
71.5%	**77.3%**	**87.3%**	**72.5%**	**70.1%**	**58.8%**	**64.8%**	**Current Assets**
5.4%	2.3%	1.3%	1.7%	2.0%	1.4%	[illegible]	Property, Equip., & Leasehold Improvements (Net)
1.8	1.0	0.1	0.3	0.5	0.0		Land Held for Development
0.2	0.1	0.0	1.2	1.2	1.1	1.0	Noninterest Earning Loans
4.6	1.5	1.1	1.4	2.7	1.4	1.7	Real Estate Owned Through Foreclosure
16.5	17.8	10.2	22.8	23.6	37.3	30.8	Other Noncurrent Assets
10.7	12.9	3.0	11.3	11.5	12.2	11.4	Purchased servicing (Net of Amort.)
2.3	2.8	4.4	2.4	2.5	2.1	2.4	Unamortized excess servicing fees (Net)
0.0%	0.5%	0.1%	0.6%	1.2%	1.4%	1.2%	Goodwill (Net of Amort.)
28.5%	**22.7%**	**12.7%**	**27.5%**	**29.9%**	**41.2%**	**35.4%**	**Noncurrent Assets**
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**Total Assets**
41.0%	26.7%	60.7%	36.7%	50.8%	41.5%	43.4%	Commercial Paper
27.2	42.0	19.5	20.3	24.7	17.8	20.3	Notes Payable to Banks
1.8	0.1	1.8	1.5	1.0	3.8	2.8	Notes Payable to Others
3.3	4.4	1.5	5.3	3.5	1.6	2.4	Accounts Payable
3.1%	10.1%	3.3%	6.7%	4.9%	3.5%	4.3%	Other Current Liabilities
76.4%	**83.3%**	**86.8%**	**70.5%**	**84.9%**	**68.2%**	**73.2%**	**Current Liabilities**
1.6%	**1.9%**	**2.1%**	**16.6%**	**3.0%**	**20.2%**	**14.7%**	**Noncurrent Liabilities**
3.1%	1.3%	1.2%	1.0%	0.4%	0.6%	0.7%	Common & Preferred Stock
15.9	7.6	3.5	8.1	6.7	9.4	8.5	Paid in Capital
2.9%	5.9%	6.5%	3.7%	5.1%	1.6%	2.9%	Retained Earnings
22.0%	**14.8%**	**11.1%**	**12.9%**	**12.1%**	**11.6%**	**12.1%**	**Stockholders' Equity**
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**Total Liabilities & Equity**
39	26	27	25	29	27	173	Number of Firms Reporting

COMPARATIVE BALANCE SHEET — 1987

By Percent of 1- 4-unit Purchased Production to Total 1- 4-Unit Production

Table 3.02

	0% All In-House	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 99.9%	100% Purchased Production	All Reporting Firms	Your Firm
	2.2%	0.8%	2.1%	1.4%	2.0%	9.4%	1.6%	
	7.6	1.1	0.6	0.9	5.4	0.0	3.1	
	3.8%	2.3%	4.9%	10.0%	7.8%	19.7%	5.8%	
	54.5%	29.6%	44.2%	43.9%	33.2%	0.0%	39.8%	
	0.9	0.4	0.5	0.3	0.5	0.0	0.5	
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	53.6	29.2	43.7	43.6	32.7	0.0	39.3	
	1.6	0.4	2.4	1.0	0.2	0.0	0.9	
	7.2	8.3	9.7	20.2	4.8	0.0	10.2	
	0.0	0.0	0.1	0.0	0.0	0.0	0.0	
	1.1	1.4	0.8	0.2	0.2	0.0	0.8	
	63.5	39.3	56.7	65.0	37.9	0.0	51.2	
	3.7%	2.4%	8.3%	0.7%	2.3%	2.7%	2.9%	
	80.8%	**45.9%**	**72.6%**	**78.0%**	**55.4%**	**31.8%**	**64.6%**	
	2.2%	0.8%	1.7%	1.7%	2.0%	2.8%	1.6%	
	0.1	0.1	0.4	0.0	0.5	0.0	0.2	
	0.4	0.9	2.0	0.1	2.3	0.0	1.0	
	1.2	1.8	1.9	1.6	2.1	5.8	1.7	
	15.1	50.5	21.5	18.6	37.5	59.5	30.8	
	8.9	7.9	10.1	6.7	23.7	59.5	11.4	
	2.0	0.8	2.9	3.7	2.9	0.0	2.4	
	0.9%	0.4%	0.3%	2.0%	2.0%	0.0%	1.2%	
	19.2%	**54.1%**	**27.4%**	**22.0%**	**44.6%**	**68.2%**	**35.4%**	
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	
	38.8%	38.7%	48.3%	48.9%	46.0%	0.0%	43.4%	
	25.9	9.5	20.1	26.1	22.6	53.6	20.3	
	7.6	0.6	0.4	3.2	1.9	0.0	2.8	
	1.8	1.7	5.1	2.5	2.2	10.5	2.4	
	6.5%	3.1%	8.3%	2.8%	3.3%	0.0%	4.2%	
	80.6%	**53.6%**	**82.2%**	**83.5%**	**76.0%**	**64.1%**	**73.1%**	
	8.8%	**39.4%**	**4.6%**	**3.4%**	**5.6%**	**0.0%**	**14.7%**	
	0.6%	0.2%	0.4%	0.1%	2.3%	0.3%	0.7%	
	6.6	4.5	7.8	11.7	12.7	0.8	8.5	
	3.5%	2.3%	5.0%	1.3%	3.3%	34.8%	2.8%	
	10.6%	**7.0%**	**13.2%**	**13.1%**	**18.4%**	**35.9%**	**12.2%**	
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	
	55	35	24	18	32	1	165	

Table 3.03

COMPARATIVE BALANCE SHEET — 1987
By Millions of Dollars of Mortgage Loans Serviced

Under $200	$200 to $499.9	$500 to $999.9	$1,000 to $1,999.9	$2,000 to $4,999.9	$5,000 and Over	All Reporting Firms	Income Statement Account
3.1%	3.7%	1.5%	3.2%	2.4%	1.0%	1.6%	Cash (Except Escrows & Other Fiduciary Funds)
46.1	14.5	1.6	1.7	1.2	2.2	3.1	Other Marketable Securities, At Cost
3.2%	6.5%	2.5%	7.1%	5.8%	6.2%	5.8%	Receivables
							Inventory:
33.0%	55.5%	54.9%	58.7%	44.6%	32.6%	39.8%	First Mortgages, Principal Balances
1.0	0.8	0.6	1.2	0.6	0.3	0.5	Premium (Discount)
(0.1)	(0.1)	(0.1)	0.0	0.0	0.0	0.0	Deferred Orig. fees/cost (Net of Amort.)
31.9	54.7	54.3	57.4	44.0	32.3	39.3	First Mortgages, At Cost
3.7	0.0	0.2	2.3	1.7	0.5	0.9	Land Loans, Disbursed
1.5	0.8	17.3	9.3	16.6	7.5	10.2	Construction Loans, Disbursed
0.0	0.0	0.0	0.1	0.0	0.0	0.0	Home Improvement Loans
0.2	0.0	2.3	1.2	1.2	0.3	0.8	Other Loans in Inventory
37.3	55.4	74.0	70.4	63.5	40.6	51.2	Total Inventory
0.8%	1.9%	1.2%	1.4%	1.8%	3.9%	2.9%	Other Current Assets
90.5%	**82.0%**	**80.8%**	**83.8%**	**74.7%**	**53.9%**	**64.6%**	**Current Assets**
2.3%	2.4%	1.5%	2.0%	2.0%	1.4%	1.6%	Property, Equip., & Leasehold Improvements (Net)
0.3	0.9	0.2	0.6	0.4	0.1	0.2	Land Held for Development
0.2	0.0	0.1	0.5	1.6	1.1	1.0	Noninterest Earning Loans
0.5	0.9	0.8	2.2	1.3	2.0	1.7	Real Estate Owned Through Foreclosure
6.3	13.6	16.5	10.8	19.9	41.7	30.8	Other Noncurrent Assets
0.3	2.4	4.2	6.0	10.6	14.5	11.4	Purchased servicing (Net of Amort.)
0.1	8.1	4.3	1.0	2.2	2.2	2.4	Unamortized excess servicing fees (Net)
0.1%	0.0%	0.5%	0.0%	1.5%	1.4%	1.2%	Goodwill (Net of Amort.)
9.5%	**18.0%**	**19.2%**	**16.2%**	**25.3%**	**46.1%**	**35.4%**	**Noncurrent Assets**
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**Total Assets**
14.4%	25.0%	55.5%	44.5%	55.1%	38.7%	43.4%	Commercial Paper
26.7	41.9	22.2	27.8	15.7	19.7	20.3	Notes Payable to Banks
5.2	1.0	1.3	0.5	6.7	1.9	2.8	Notes Payable to Others
3.4	1.6	2.3	3.2	2.9	2.1	2.4	Accounts Payable
1.9%	13.1%	3.4%	7.9%	3.1%	4.1%	4.3%	Other Current Liabilities
51.6%	**82.6%**	**84.7%**	**83.9%**	**83.5%**	**66.5%**	**73.2%**	**Current Liabilities**
43.0%	**2.0%**	**4.4%**	**1.0%**	**4.5%**	**21.5%**	**14.7%**	**Noncurrent Liabilities**
1.3%	3.0%	0.8%	0.4%	0.6%	0.7%	0.7%	Common & Preferred Stock
3.5	7.7	8.3	4.5	7.2	9.9	8.5	Paid in Capital
0.6%	4.7%	1.9%	10.3%	4.3%	1.4%	2.9%	Retained Earnings
5.4%	**15.4%**	**10.9%**	**15.1%**	**12.0%**	**12.0%**	**12.1%**	**Stockholders' Equity**
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**Total Liabilities & Equity**
24	27	35	30	34	23	173	Number of Firms Reporting

COMPARATIVE BALANCE SHEET — 1987

By Percent of Income Property Loans Closed to Total Loans Closed

Table 3.04

0% All Residential	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 99.9%	100% Income Property	All Reporting Firms	Your Firm
1.3%	1.8%	2.8%	2.5%	0.2%	17.8%	1.6%	
3.9	1.5	1.6	3.5	1.9	11.7	3.1	
6.1%	3.6%	7.0%	8.0%	2.1%	10.0%	5.8%	
37.4%	52.3%	46.1%	45.1%	23.0%	29.0%	39.8%	
0.4	0.8	0.5	1.0	0.2	0.0	0.5	
0.0	0.0	0.0	0.0	(0.1)	0.0	0.0	
37.0	51.5	45.6	44.1	22.7	29.0	39.3	
0.6	0.1	2.1	0.0	3.2	0.0	0.9	
5.5	6.7	11.4	5.2	54.2	0.0	10.2	
0.0	0.1	0.0	0.0	0.0	0.0	0.0	
0.7	0.1	0.1	2.8	1.5	0.0	0.8	
43.8	58.5	59.2	52.1	81.6	29.0	51.2	
1.9%	3.2%	7.9%	2.0%	0.4%	4.5%	2.9%	
57.0%	**68.6%**	**78.5%**	**68.1%**	**86.2%**	**73.0%**	**64.6%**	
1.5%	2.8%	1.5%	1.7%	1.1%	9.3%	1.6%	
0.2	0.1	0.0	0.9	0.1	0.0	0.2	
1.3	0.5	1.0	0.0	0.4	0.0	1.0	
1.8	1.0	1.9	1.1	2.5	0.0	1.7	
38.2	27.1	17.1	28.3	9.6	17.7	30.8	
11.7	16.8	7.9	17.8	3.8	13.3	11.4	
2.5	3.6	2.0	1.7	0.9	0.0	2.4	
1.2%	0.7%	0.5%	0.0%	4.0%	0.5%	1.2%	
43.0%	**31.4%**	**21.5%**	**31.9%**	**13.8%**	**27.0%**	**35.4%**	
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	
38.6%	42.0%	43.8%	40.1%	86.3%	0.0%	43.4%	
18.8	25.9	25.5	30.2	4.3	17.9	20.3	
3.8	1.0	0.2	6.1	0.0	3.0	2.8	
2.6	2.8	1.3	2.6	2.4	8.2	2.4	
3.0%	3.3%	11.5%	2.8%	0.5%	11.8%	4.3%	
66.8%	**75.0%**	**82.3%**	**81.8%**	**93.5%**	**40.9%**	**73.2%**	
22.6%	**10.8%**	**0.4%**	**2.7%**	**0.0%**	**20.9%**	**14.7%**	
0.5%	0.5%	0.2%	4.7%	0.0%	5.4%	0.7%	
8.1	6.4	13.9	5.7	6.1	3.0	8.5	
2.1%	7.3%	3.1%	5.1%	0.4%	29.8%	2.9%	
10.8%	**14.2%**	**17.3%**	**15.5%**	**6.5%**	**38.2%**	**12.1%**	
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	
104	27	12	15	7	8	173	

Table 3.05

COMPARATIVE BALANCE SHEET — 1987

By Percent of Income Property Loans Serviced to Total Loans Serviced

0% All Residential	Less than 5%	5% to 14.9%	15% to 29.9%	30% to 89.9%	90% to 100%	All Reporting Firms	Income Statement Account
1.6%	1.1%	1.8%	2.8%	0.7%	9.0%	1.6%	Cash (Except Escrows & Other Fiduciary Funds)
4.2	2.5	3.0	1.1	4.8	9.7	3.1	Other Marketable Securities, At Cost
6.5%	5.2%	5.3%	7.3%	3.7%	8.0%	5.8%	Receivables
							Inventory:
39.3%	39.2%	43.1%	47.1%	26.3%	14.1%	39.8%	First Mortgages, Principal Balances
0.4	0.5	0.6	0.6	0.3	0.0	0.5	Premium (Discount)
0.0	0.0	0.0	0.0	0.0	0.0	0.0	Deferred Orig. fees/cost (Net of Amort.)
38.9	38.7	42.5	46.5	26.0	14.1	39.3	First Mortgages, At Cost
0.4	0.8	0.6	0.8	3.9	0.0	0.9	Land Loans, Disbursed
1.6	9.2	10.1	8.8	43.8	0.0	10.2	Construction Loans, Disbursed
0.0	0.0	0.0	0.0	0.0	0.4	0.0	Home Improvement Loans
0.1	1.5	1.2	0.4	0.9	1.2	0.8	Other Loans in Inventory
41.0	50.2	54.4	56.5	74.6	15.7	51.2	Total Inventory
0.7%	3.2%	6.9%	4.1%	0.5%	2.3%	2.9%	Other Current Assets
54.0%	**62.2%**	**71.4%**	**71.8%**	**84.3%**	**44.7%**	**64.6%**	**Current Assets**
1.2%	2.1%	1.6%	1.7%	1.3%	5.0%	1.6%	Property, Equip., & Leasehold Improvements (Net)
0.3	0.1	0.3	0.2	0.1	0.0	0.2	Land Held for Development
0.7	1.7	1.7	0.4	0.2	0.0	1.0	Noninterest Earning Loans
0.7	2.6	1.9	1.5	2.6	0.0	1.7	Real Estate Owned Through Foreclosure
43.2	31.1	23.2	24.4	11.4	50.3	30.8	Other Noncurrent Assets
5.2	17.5	15.8	12.8	6.3	41.1	11.4	Purchased servicing (Net of Amort.)
3.3	1.8	2.1	2.4	1.3	0.0	2.4	Unamortized excess servicing fees (Net)
0.5%	2.2%	0.3%	0.5%	3.1%	4.9%	1.2%	Goodwill (Net of Amort.)
46.0%	**37.8%**	**28.6%**	**28.2%**	**15.7%**	**55.3%**	**35.4%**	**Noncurrent Assets**
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**Total Assets**
29.6%	43.7%	53.4%	39.3%	79.0%	3.5%	43.4%	Commercial Paper
16.1	27.9	13.0	30.7	9.4	38.0	20.3	Notes Payable to Banks
4.8	2.7	0.4	3.0	0.0	1.4	2.8	Notes Payable to Others
1.6	3.0	3.9	1.7	2.1	6.1	2.4	Accounts Payable
2.7%	3.8%	9.2%	5.3%	0.8%	10.5%	4.3%	Other Current Liabilities
54.8%	**81.1%**	**79.9%**	**80.0%**	**91.3%**	**59.5%**	**73.2%**	**Current Liabilities**
36.6%	**6.4%**	**6.5%**	**0.5%**	**0.1%**	**10.4%**	**14.7%**	**Noncurrent Liabilities**
0.5%	0.2%	0.4%	2.2%	0.9%	3.8%	0.7%	Common & Preferred Stock
5.5	10.3	5.9	16.6	5.7	2.8	8.5	Paid in Capital
2.5%	2.1%	7.2%	0.8%	2.0%	23.4%	2.9%	Retained Earnings
8.6%	**12.5%**	**13.6%**	**19.5%**	**8.6%**	**30.1%**	**12.1%**	**Stockholders' Equity**
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**Total Liabilities & Equity**
64	31	39	14	15	10	173	Number of Firms Reporting

COMPARATIVE BALANCE SHEET — 1987
By Type of Ownership

Table 3.06

	Bank Holding Company Controlled	S&L Subsidiary	Privately Held	All Others	All Reporting Firms	Your Firm
	0.7%	2.7%	4.0%	2.0%	1.6%	
	1.1	0.9	2.3	7.0	3.1	
	3.7%	8.4%	5.8%	7.9%	5.8%	
	35.2%	48.5%	60.0%	38.4%	39.8%	
	0.3	0.6	1.3	0.5	0.5	
	0.0	0.1	0.0	0.0	0.0	
	34.8	48.0	58.7	37.9	39.3	
	1.5	0.2	0.2	0.5	0.9	
	16.8	7.8	5.9	2.7	10.2	
	0.0	0.0	0.1	0.0	0.0	
	1.1	0.1	1.4	0.4	0.8	
	54.3	56.1	66.3	41.5	51.2	
	2.8%	1.0%	1.9%	3.9%	2.9%	
	62.6%	**69.1%**	**80.3%**	**62.3%**	**64.6%**	
	1.0%	2.5%	3.5%	1.8%	1.6%	
	0.1	0.9	0.5	0.1	0.2	
	0.5	0.9	0.0	2.1	1.0	
	1.2	1.9	1.3	2.5	1.7	
	34.8	24.9	14.3	31.2	30.8	
	7.0	17.6	8.5	16.2	11.4	
	1.4	2.7	1.7	3.8	2.4	
	0.8%	4.0%	0.5%	0.8%	1.2%	
	37.4%	**30.9%**	**19.7%**	**37.7%**	**35.4%**	
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	
	57.9%	47.6%	6.5%	29.9%	43.4%	
	6.5	11.9	60.1	33.6	20.3	
	0.1	12.0	0.9	3.7	2.8	
	2.1	3.1	4.4	2.0	2.4	
	2.9%	3.4%	8.2%	5.6%	4.3%	
	69.5%	**78.0%**	**80.1**	**74.8%**	**73.2%**	
	22.6%	**6.7%**	**7.4%**	**8.2%**	**14.7%**	
	0.2%	0.6%	0.6%	1.5%	0.7%	
	4.2	13.3	2.5	14.4	8.5	
	3.4%	1.4%	9.4%	1.1%	2.9%	
	7.9%	**15.3%**	**12.5%**	**17.0%**	**12.1%**	
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	
	56	31	54	32	173	

BALANCE SHEET 1987 - AVERAGE FIRM

Table		Page
4.01	By Millions of Dollars of Total Mortgage Originations (In-House and Purchased)	46
4.02	By Percent of 1- to 4-Unit Purchased Production to Total 1- to 4-Unit Production	47
4.03	By Millions of Dollars of Mortgage Loans Serviced	48
4.04	By Percent of Income Property Loans Closed to Total Loans Closed	49
4.05	By Percent of Income Property Loans Serviced to Total Loans Serviced	50
4.06	By Type of Ownership	51

Table 4.01

BALANCE SHEET 1987 — AVERAGE FIRM

By Millions of Dollars of Total Mortgage Originations (In-House and Purchased)

Under $100	$100 to $199.9	$200 to $299.9	$300 to $499.9	$500 to $999.9	$1,000 and Over	All Reporting Firms	Income Statement Account
			(Dollars in Thousands)				
$ 456	$ 917	$ 979	$ 1,981	$ 3,075	$ 6,720	$ 2,244	Cash (Except Escrows and Other Fiduciary Funds)
621	2,687	891	13,577	2,343	8,167	4,312	Other Marketable Securities, At Cost
$ 696	$ 1,134	$ 2,307	$ 5,445	$ 9,223	$ 31,729	$ 7,972	Receivables
							Inventory:
$ 3,983	$ 11,492	$ 25,247	$ 36,858	$ 71,504	$ 197,192	$ 54,653	First Mortgages, Principal Balances
49	143	392	622	1,259	1,825	679	Premium (Discount)
(1)	(20)	(18)	0	(71)	48	(11)	Deferred Orig. fee/cost (Net of Amort.)
3,933	11,329	24,836	36,236	70,174	195,414	53,963	First Mortgages, At Cost
100	1,525	121	1,317	1,852	3,284	1,284	Land Loans, Disbursed
2,513	2,157	11,882	7,583	11,531	52,661	13,993	Construction Loans, Disbursed
0	0	0	0	73	10	14	Home Improvement Loans
55	101	1,683	517	3,353	805	1,053	Other Loans in Inventory
6,601	15,112	38,523	45,653	86,983	252,175	70,307	Total Inventory
$ 204	$ 728	$ 330	$ 2,301	$ 6,245	$ 15,146	$ 3,950	Other Current Assets
$ 8,578	**$ 20,578**	**$ 43,030**	**$ 68,957**	**$ 107,869**	**$ 313,937**	**$ 88,785**	**Current Assets**
$ 644	$ 599	$ 629	$ 1,624	$ 3,067	$ 7,295	$ 2,221	Property, Equip., & Leasehold Improvements (Net)
220	266	32	279	783	60	276	Land Held for Development
28	15	22	1,125	1,801	5,893	1,396	Noninterest Earning Loans
557	411	520	1,299	4,108	7,691	2,345	Real Estate Owned Through Foreclosure
1,982	4,736	5,036	21,601	36,332	199,595	42,307	Other Noncurrent Assets
1,285	3,444	1,494	10,676	17,765	65,000	15,706	Purchased servicing (Net of Amort.)
272	735	2,175	2,233	3,852	11,210	3,229	Unamortized excess servicing fees (Net)
$ 1	$ 126	$ 48	$ 530	$ 1,830	$ 7,648	$ 1,604	Goodwill (Net of Amort.)
$ 3,432	**$ 6,026**	**$ 6,239**	**$ 25,928**	**$ 46,092**	**$ 220,531**	**$ 48,544**	**Noncurrent Assets**
$ 12,010	**$ 26,604**	**$ 49,269**	**$ 94,885**	**$ 153,961**	**$ 534,468**	**$ 137,329**	**Total Assets**
$ 4,919	$ 7,091	$ 29,883	$ 34,845	$ 78,171	$ 221,757	$ 59,587	Commercial Paper
3,269	11,185	9,614	19,243	37,990	94,975	27,890	Notes Payable to Banks
222	31	879	1,429	1,478	20,556	3,854	Notes Payable to Others
402	1,177	717	4,990	5,365	8,292	3,294	Accounts Payable
$ 370	$ 2,674	$ 1,619	$ 6,378	$ 7,517	$ 18,764	5,848	Other Current Liabilities
$ 9,182	**$ 22,158**	**$ 42,712**	**$ 66,885**	**$ 130,521**	**$ 364,344**	**$ 100,473**	**Current Liabilities**
$ 198	**$ 507**	**$ 1,031**	**$ 15,795**	**$ 4,610**	**$ 107,984**	**$ 20,190**	**Noncurrent Liabilities**
$ 374	$ 335	$ 594	$ 969	$ 539	$ 3,413	$ 991	Common & Preferred Stock
1,905	2,029	1,731	7,698	10,385	50,371	11,719	Paid in Capital
$ 350	1,575	3,201	3,538	7,904	8,357	3,956	Retained Earnings
$ 2,630	**$ 3,939**	**$ 5,526**	**$ 12,205**	**$ 18,830**	**$ 62,140**	**$ 16,666**	**Stockholders' Equity**
$ 12,010	**$ 26,604**	**$ 49,269**	**$ 94,885**	**$ 153,961**	**$ 534,468**	**$ 137,329**	**Total Liabilities & Equity**
							Memoranda:
$ 394,990	$ 755,036	$ 821,576	$ 1,811,325	$ 3,103,582	$ 8,196,896	$ 2,392,031	Total Servicing Portfolio
203,265	8,801	121,246	11,848	26,715	52,878	80,511	Servicing Escrows
$ 692	$ 1,250	$ 2,332	$ 9,674	$ 1,156	$ 6,993	$ 3,391	Other Escrows & Fiduciary Funds
$ 41,507	$ 109,101	$ 167,642	$ 280,877	$ 513,373	$ 1,150,965	$ 358,194	1- to 4-unit Mortgage Loans Closed
11,321	14,779	36,975	30,425	103,310	145,806	55,014	Income Property Loans Closed
5,600	23,536	43,319	82,656	111,703	906,605	183,723	1- to 4-unit Purchased Production
$ 19	$ 2,147	$ 0	$ 0	$ 894	$ 70,350	$ 11,456	Income Property Purchased Production
			(Number of Loans)				
							Number of Loans Serviced
7,012	15,889	14,314	34,007	50,820	145,667	42,370	1- to 4-unit Mortgage Loans
90	106	102	281	422	776	285	Income Property Loans
							Number of Loans Closed
632	1,513	2,291	3,706	6,178	13,928	4,472	1- to 4-unit Mortgage Loans(In-House)
6	5	10	8	27	37	15	Income Property Loans(In-House)
104	353	701	1,224	1,583	12,597	2,594	1- to 4-unit Purchased Production
0	50	0	0	0	27	12	Income Property Purchased Production
3	5	6	12	18	35	13	No. of Offices-Beginning
3	5	7	11	18	39	13	No. of Offices-End
39	26	27	25	29	27	173	Number of Firms Reporting

BALANCE SHEET 1987 — AVERAGE FIRM

By Percent of 1 - 4 Unit Purchased Production to Total 1 - 4 Unit Production

Table 4.02

0% All In-House	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 99.9%	100% Purchased Production	All Reporting Firms	Your Firm
			(Dollars in Thousands)				
$ 1,849	$ 1,420	$ 2,159	$ 4,201	$ 3,086	$ 5,222	$ 2,320	
6,293	2,023	583	2,646	8,250	0	4,500	
$ 3,168	$ 4,207	$ 5,145	$ 29,930	$ 11,921	$ 10,962	$ 8,340	
$ 45,012	$ 53,877	$ 46,018	$ 131,007	$ 50,700	$ 0	$ 57,251	
771	649	518	833	781	0	712	
33	(23)	(1)	(135)	(11)	0	(11)	
44,274	53,205	45,499	130,040	49,907	0	56,527	
1,293	749	2,545	2,875	374	0	1,346	
5,952	15,213	10,066	60,244	7,342	0	14,671	
5	0	89	0	0	0	14	
919	2,586	805	576	356	0	1,104	
52,443	71,753	59,004	193,734	57,980	0	73,663	
$ 3,064	$ 4,359	$ 8,628	$ 2,184	$ 3,532	$ 1,504	$ 4,133	
$ 66,817	**$ 83,762**	**$ 75,519**	**$ 232,695**	**$ 84,769**	**$ 17,688**	**$ 92,956**	
$ 1,818	$ 1,449	$ 1,726	$ 5,078	$ 3,008	$ 1,581	$ 2,311	
100	176	461	0	781	0	289	
315	1,615	2,056	207	3,581	0	1,464	
1,010	3,217	1,941	4,870	3,128	3,235	2,459	
12,507	92,094	22,416	55,528	57,253	33,029	44,326	
7,366	14,458	10,555	19,856	36,194	33,029	16,443	
1,616	1,512	3,043	11,149	4,473	0	3,386	
$ 705	$ 817	$ 274	$ 5,994	$ 2,983	$ 0	$ 1,680	
$ 15,751	**$ 98,550**	**$ 28,598**	**$ 65,683**	**$ 67,751**	**$ 37,845**	**$ 50,850**	
$ 82,568	**$ 182,312**	**$ 104,117**	**$ 298,378**	**$ 152,520**	**$ 55,533**	**$ 143,806**	
$ 32,004	$ 70,546	$ 50,264	$ 145,881	$ 70,220	$ 0	$ 62,476	
21,366	17,375	20,878	77,816	34,526	29,743	29,210	
6,292	1,130	468	9,673	2,967	0	4,036	
1,489	3,163	5,361	7,500	3,291	5,841	3,439	
$ 5,357	$ 5,604	$ 8,591	$ 8,382	$ 5,012	$ 0	$ 6,110	
$ 66,508	**$ 97,818**	**$ 85,562**	**$ 249,252**	**$ 116,016**	**$ 35,584**	**$ 105,271**	
$ 7,263	**$ 71,783**	**$ 4,834**	**$ 10,169**	**$ 8,614**	**$ 0**	**$ 21,131**	
$ 494	$ 414	$ 390	$ 392	$ 3,485	$ 180	$ 1,029	
5,440	8,153	8,132	34,821	19,361	453	12,282	
$ 2,863	$ 4,144	$ 5,198	$ 3,744	$ 5,044	$ 19,316	$ 4,093	
$ 8,797	**$ 12,711**	**$ 13,721**	**$ 38,957**	**$ 27,890**	**$ 19,949**	**$ 17,404**	
$ 82,568	**$ 182,312**	**$ 104,117**	**$ 298,378**	**$ 152,520**	**$ 55,533**	**$ 143,806**	
$ 1,454,541	$ 1,909,012	$ 1,723,360	$ 4,504,081	$ 4,063,069	$ 5,449,826	$ 2,452,832	
211,523	13,678	12,526	10,776	37,367	100,000	84,260	
$ 1,461	$ 751	$ 6,018	$ 4,803	$ 7,736	$ 0	$ 3,546	
$ 347,093	$ 331,095	$ 344,792	$ 852,108	$ 239,880	$ 0	$ 375,561	
38,519	28,629	24,331	152,240	33,086	0	45,476	
0	14,286	67,609	519,390	586,445	1,546,162	192,631	
$ 26,753	$ 21	$ 27	$ 11,942	$ 9,194	$ 0	$ 12,012	
			(Number of Loans)				
22,981	36,268	31,295	69,245	83,280	133,883	44,422	
214	192	240	527	426	0	287	
4,115	3,983	4,746	10,270	3,413	0	4,689	
12	9	21	31	10	0	14	
0	170	1,022	6,825	8,397	26,699	2,720	
10	0	0	4	44	0	12	
9	14	13	23	13	1	13	
10	14	13	25	14	1	14	
55	35	24	18	32	1	165	

Table4.03

BALANCE SHEET 1987 — AVERAGE FIRM
By Millions of Dollars of Mortgage Loans Serviced

Under $200	$200 to $499.9	$500 to $999.9	$1,000 to $1,999.9	$2,000 to $4,999.9	$5,000 or More	All Reporting Firms	Income Statement Account
			(Dollars in Thousands)				
$ 693	$ 669	$ 921	$ 2,114	$ 3,611	$ 5,870	$ 2,244	Cash (Except Escrows and Other Fiduciary Funds)
10,460	2,602	954	1,103	1,864	12,822	4,312	Other Marketable Securities, At Cost
$ 727	$ 1,177	$ 1,485	$ 4,661	$ 8,807	$ 36,465	$ 7,972	Receivables
							Inventory:
$ 7,481	$ 9,996	$ 33,014	$ 38,433	$ 67,352	$ 191,615	$ 54,653	First Mortgages, Principal Balances
229	139	335	813	938	1,751	679	Premium (Discount)
(22)	(15)	(35)	0	21	(17)	(11)	Deferred Orig. fee/cost (Net of Amort.)
7,230	9,842	32,644	37,620	66,435	189,847	53,963	First Mortgages, At Cost
838	6	100	1,536	2,571	2,818	1,284	Land Loans, Disbursed
337	147	10,393	6,118	25,079	43,854	13,993	Construction Loans, Disbursed
0	0	0	71	8	0	14	Home Improvement Loans
53	7	1,370	812	1,868	1,950	1,053	Other Loans in Inventory
8,458	10,002	44,507	46,157	95,961	238,469	70,307	Total Inventory
$ 178	$ 343	$ 745	$ 914	$ 2,780	$ 22,687	$ 3,950	Other Current Assets
$ 20,516	**$ 14,793**	**$ 48,612**	**$ 54,949**	**$ 113,023**	**$ 316,313**	**$ 88,785**	**Current Assets**
$ 523	$ 433	$ 922	$ 1,284	$ 3,015	$ 8,114	$ 2,221	Property, Equip., & Leasehold Improvements (Net)
75	159	110	398	549	311	276	Land Held for Development
46	0	32	306	2,442	6,396	1,396	Noninterest Earning Loans
115	162	488	1,462	1,989	11,741	2,345	Real Estate Owned Through Foreclosure
1,422	2,449	9,921	7,098	29,985	245,182	42,307	Other Noncurrent Assets
57	428	2,541	3,913	15,978	84,984	15,706	Purchased servicing (Net of Amort.)
17	1,463	2,595	657	3,292	12,883	3,229	Unamortized excess servicing fees (Net)
$ 13	$ 1	$ 276	$ 13	$ 2,226	$ 8,321	$ 1,604	Goodwill (Net of Amort.)
$ 2,181	**$ 3,203**	**$ 11,475**	**$ 10,546**	**$ 37,980**	**$ 271,746**	**$ 48,544**	**Noncurrent Assets**
$ 22,697	**$ 17,996**	**$ 60,087**	**$ 65,495**	**$ 151,003**	**$ 588,059**	**$ 137,329**	**Total Assets**
$ 3,277	$ 4,491	$ 33,371	$ 29,118	$ 83,261	$ 227,664	$ 59,587	Commercial Paper
6,071	7,548	13,310	18,196	23,639	115,654	27,890	Notes Payable to Banks
1,172	175	757	348	10,078	11,057	3,854	Notes Payable to Others
767	293	1,370	2,087	4,314	12,448	3,294	Accounts Payable
$ 428	$ 2,364	$ 2,039	$ 5,145	$ 4,664	$ 24,060	$ 5,848	Other Current Liabilities
$ 11,715	**$ 14,871**	**$ 50,847**	**$ 54,894**	**$ 125,956**	**$ 390,883**	**$ 100,473**	**Current Liabilities**
$ 9,754	**$ 354**	**$ 2,616**	**$ 631**	**$ 6,806**	**$ 126,406**	**$ 20,190**	**Noncurrent Liabilities**
$ 292	$ 535	$ 474	$ 283	$ 853	$ 4,166	$ 991	Common & Preferred Stock
794	1,392	4,982	2,924	10,937	58,122	11,719	Paid in Capital
$ 141	$ 843	$ 1,168	$ 6,763	$ 6,451	$ 8,482	$ 3,956	Retained Earnings
$ 1,228	**$ 2,771**	**$ 6,624**	**$ 9,970**	**$ 18,241**	**$ 70,770**	**$ 16,666**	**Stockholders' Equity**
$ 22,697	**$ 17,996**	**$ 60,087**	**$ 65,495**	**$ 151,003**	**$ 588,059**	**$ 137,329**	**Total Liabilities & Equity**
							Memoranda:
$ 160,339	$ 326,374	$ 728,087	$ 1,410,014	$ 3,041,033	$ 9,999,240	$ 2,392,031	Total Servicing Portfolio
834	2,468	319,076	6,980	28,697	64,741	80,511	Servicing Escrows
$ 207	$ 1,068	$ 2,321	$ 7,208	$ 2,284	$ 7,727	$ 3,391	Other Escrows & Fiduciary Funds
$ 69,654	$ 101,061	$ 194,993	$ 275,376	$ 456,509	$ 1,172,168	$ 358,194	1- to 4-unit Mortgage Loans Closed
1,434	5,245	16,265	50,497	103,231	162,933	55,014	Income Property Loans Closed
10,479	26,301	59,361	52,040	161,084	943,772	183,723	1- to 4-unit Purchased Production
$ 234	$ 1,887	$ 0	$ 0	$ 44,039	$ 16,611	$ 11,456	Income Property Purchased Production
			(Number of Loans)				
							Number of Loans Serviced
1,422	6,058	14,013	23,922	51,791	181,016	42,370	1- to 4-unit Mortgage Loans
11	34	73	159	569	931	285	Income Property Loans
							Number of Loans Closed
953	1,303	2,659	3,513	5,267	14,701	4,472	1- to 4-unit Mortgage Loans(In-House)
1	4	7	12	32	34	15	Income Property Loans(In-House)
167	489	792	839	2,191	13,223	2,594	1- to 4-unit Purchased Production
3	45	0	0	17	7	12	Income Property Purchased Production
3	4	8	9	15	40	13	No. of Offices-Beginning
3	5	8	10	16	43	13	No. of Offices-End
24	27	35	30	34	23	173	Number of Firms Reporting

BALANCE SHEET 1987 — AVERAGE FIRM

By Percent of Income Property Loans Closed to Total Loans Closed

Table 4.04

0% All Residential	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 99.9%	100% Income Property	All Reporting Firms	Your Firm
			(Dollars in Thousands)				
$ 1,777	$ 1,611	$ 9,082	$ 2,779	$ 555	$ 668	$ 2,244	
5,314	1,356	5,058	3,944	4,776	439	4,312	
$ 8,171	$ 3,157	$ 22,525	$ 8,935	$ 5,257	$ 375	$ 7,972	
$ 50,488	$ 46,171	$ 148,598	$ 50,493	$ 58,340	$ 1,089	$ 54,653	
565	723	1,594	1,139	430	0	679	
(5)	(4)	0	0	(174)	0	(11)	
49,918	45,444	147,004	49,354	57,736	1,089	53,963	
787	126	6,695	0	8,076	0	1,284	
7,412	5,875	36,747	5,788	137,643	0	13,993	
2	79	0	0	0	0	14	
992	53	369	3,131	3,728	0	1,053	
59,111	51,577	190,815	58,273	207,183	1,089	70,307	
$ 2,519	$ 2,795	$ 25,331	$ 2,195	$ 1,095	$ 169	$ 3,950	
$ 76,892	**$ 60,496**	**$ 252,811**	**$ 76,126**	**$ 218,866**	**$ 2,740**	**$ 88,785**	
2,008	2,438	4,777	1,948	2,880	350	2,221	
264	57	135	981	332	0	276	
1,775	437	3,190	21	932	0	1,396	
2,362	873	6,171	1,186	6,383	0	2,345	
51,548	23,900	55,131	31,652	24,452	666	42,307	
15,768	14,835	25,517	19,874	9,768	500	15,706	
3,359	3,184	6,518	1,913	2,350	0	3,229	
$ 1,629	$ 629	$ 1,581	$ 7	$ 10,255	$ 20	$ 1,604	
$ 57,957	**$ 27,705**	**$ 69,404**	**$ 35,786**	**$ 34,979**	**$ 1,016**	**$ 48,544**	
$ 134,849	**$ 88,201**	**$ 322,215**	**$ 111,912**	**$ 253,845**	**$ 3,756**	**$ 137,329**	
$ 51,994	$ 37,071	$ 141,219	$ 44,873	$ 218,943	$ 0	$ 59,587	
25,325	22,819	82,237	33,745	10,950	674	27,890	
5,136	866	551	6,780	0	112	3,854	
3,497	2,478	4,189	2,876	6,200	307	3,294	
$ 4,104	$ 2,937	$ 37,084	$ 3,177	$ 1,348	$ 444	$ 5,848	
$ 90,056	**$ 66,171**	**$ 265,280**	**$ 91,451**	**$ 237,441**	**$ 1,537**	**$ 100,473**	
$ 30,469	**$ 9,545**	**$ 1,281**	**$ 3,033**	**$ (102)**	**$ 785**	**$ 20,190**	
$ 666	$ 453	$ 750	$ 5,264	$ 35	$ 202	$ 991	
10,892	5,619	44,802	6,430	15,422	114	11,719	
$ 2,766	$ 6,413	$ 10,101	$ 5,734	$ 1,050	$ 1,119	$ 3,956	
$ 14,324	**$ 12,485**	**$ 55,654**	**$ 17,428**	**$ 16,506**	**$ 1,434**	**$ 16,666**	
$ 134,849	**$ 88,201**	**$ 322,215**	**$ 111,912**	**$ 253,845**	**$ 3,756**	**$ 137,329**	
$ 2,020,173	$ 2,202,610	$ 5,396,161	$ 3,202,743	$ 3,193,398	$ 1,137,995	$ 2,392,031	
122,222	11,975	22,090	32,226	17,139	3,199	80,511	
$ 2,413	$ 1,274	$ 7,822	$ 13,721	$ 4	$ 202	$ 3,391	
$ 327,003	$ 407,501	$ 1,008,498	$ 232,351	$ 195,643	$ 0	$ 358,194	
2,692	18,112	143,862	129,046	438,935	251,736	55,014	
181,110	197,792	271,188	235,851	116,597	0	183,723	
$ 14,645	$ 9,010	$ 17,892	$ 2	$ 125	$ 0	$ 11,456	
			(Number of Loans)				
38,846	40,460	84,792	59,858	40,273	49	42,370	
171	221	588	499	1,287	237	285	
4,122	4,973	12,332	2,987	2,570	0	4,472	
1	17	58	36	84	31	15	
2,584	2,725	3,981	3,167	1,600	0	2,594	
17	7	5	0	1	0	12	
12	11	33	11	7	3	13	
13	12	35	11	6	3	13	
104	27	12	15	7	8	173	

Table 4.05

BALANCE SHEET 1987 — AVERAGE FIRM

By Percent of Income Property Loans Service to Total Loans Serviced

0% All Residential	Less than 5%	5% to 14.9%	15% to 29.9%	30% to 89.9%	90% to 100%	All Reporting Firms	Income Statement Account
			(Dollars in Thousands)				
$ 1,963	$ 2,137	$ 1,775	$ 7,466	$ 1,130	$ 555	$ 2,244	Cash (Except Escrows and Other Fiduciary Funds)
4,999	4,951	2,928	2,920	7,436	599	4,312	Other Marketable Securities, At Cost
$ 7,812	$ 10,166	$ 5,239	$ 19,224	$ 5,707	$ 496	$ 7,972	Receivables
							Inventory:
$ 47,382	$ 77,170	$ 42,602	$ 124,667	$ 40,988	$ 871	$ 54,653	First Mortgages, Principal Balances
505	1,057	613	1,585	424	0	679	Premium (Discount)
4	(2)	(13)	(112)	0	0	(11)	Deferred Orig. fee/cost (Net of Amort.)
46,882	76,111	41,975	122,970	40,564	871	53,963	First Mortgages, At Cost
460	1,551	590	2,237	6,015	0	1,284	Land Loans, Disbursed
1,902	18,194	9,932	23,171	68,214	0	13,993	Construction Loans, Disbursed
0	69	0	0	0	26	14	Home Improvement Loans
102	3,009	1,139	1,186	1,372	71	1,053	Other Loans in Inventory
49,345	98,934	53,637	149,564	116,165	968	70,307	Total Inventory
$ 846	$ 6,391	$ 6,810	$ 10,833	$ 831	$ 140	$ 3,950	Other Current Assets
$ 64,965	**$ 122,579**	**$ 70,389**	**$ 190,007**	**$ 131,269**	**$ 2,758**	**$ 88,785**	**Current Assets**
$ 1,456	$ 4,190	$ 1,602	$ 4,585	$ 2,085	$ 310	$ 2,221	Property, Equip., & Leasehold Improvements (Net)
318	226	299	452	155	0	276	Land Held for Development
803	3,432	1,665	928	389	0	1,396	Noninterest Earning Loans
897	5,106	1,871	3,936	4,129	0	2,345	Real Estate Owned Through Foreclosure
51,975	61,179	22,923	64,586	17,799	3,099	42,307	Other Noncurrent Assets
6,209	34,407	15,563	33,775	9,862	2,537	15,706	Purchased servicing (Net of Amort.)
3,914	3,590	2,037	6,289	1,957	0	3,229	Unamortized excess servicing fees (Net)
$ 630	$ 4,260	$ 272	$ 1,358	$ 4,823	$ 303	$ 1,604	Goodwill (Net of Amort.)
$ 55,453	**$ 74,133**	**$ 28,359**	**$ 74,487**	**$ 24,558**	**$ 3,409**	**$ 48,544**	**Noncurrent Assets**
$ 120,418	**$ 196,712**	**$ 98,748**	**$ 264,494**	**$ 155,827**	**$ 6,167**	**$ 137,329**	**Total Assets**
$ 35,699	$ 85,866	$ 52,717	$ 104,035	$ 123,162	$ 213	$ 59,587	Commercial Paper
19,415	54,905	12,881	81,106	14,607	2,343	27,890	Notes Payable to Banks
5,829	5,333	409	7,954	14	89	3,854	Notes Payable to Others
1,893	5,884	3,835	4,537	2,298	376	3,294	Accounts Payable
$ 3,262	$ 7,401	$ 9,088	$ 13,908	$ 1,198	$ 646	$ 5,848	Other Current Liabilities
$ 66,098	**$ 159,389**	**$ 78,930**	**$ 211,540**	**$ 142,279**	**$ 3,667**	**$ 100,473**	**Current Liabilities**
$ 44,129	**$ 12,531**	**$ 6,464**	**$ 1,355**	**$ 176**	**$ 644**	**$ 20,190**	**Noncurrent Liabilities**
$ 601	$ 417	$ 416	$ 5,707	$ 1,432	$ 237	$ 991	Common & Preferred Stock
6,632	20,199	5,873	43,808	8,846	175	11,719	Paid in Capital
$ 2,958	$ 4,176	$ 7,066	$ 2,084	$ 3,093	$ 1,445	$ 3,956	Retained Earnings
$ 10,191	**$ 24,792**	**$ 13,354**	**$ 51,599**	**$ 13,372**	**$ 1,856**	**$ 16,666**	**Stockholders' Equity**
$ 120,418	**$ 196,712**	**$ 98,748**	**$ 264,494**	**$ 155,827**	**$ 6,167**	**$ 137,329**	**Total Liabilities & Equity**
							Memoranda:
$ 1,209,066	$ 3,565,395	$ 2,395,494	$ 5,533,367	$ 2,661,195	$ 1,510,449	$ 2,392,031	Total Servicing Portfolio
179,742	19,973	20,062	38,341	22,099	15,513	80,511	Servicing Escrows
$ 2,227	$ 1,647	$ 4,682	$ 14,530	$ 362	$ 162	$ 3,391	Other Escrows & Fiduciary Funds
$ 320,722	$ 529,565	$ 333,529	$ 681,811	$ 162,259	$ 3,793	$ 358,194	1- to 4-unit Mortgage Loans Closed
265	15,299	36,364	177,118	179,081	244,224	55,014	Income Property Loans Closed
125,579	323,018	135,775	503,212	92,884	0	183,723	1- to 4-unit Purchased Production
$ 0	$ 181	$ 7,436	$ 15,291	$ 59	$ 147,140	$ 11,456	Income Property Purchased Production
			(Number of Loans)				
20,911	72,417	48,113	92,869	37,988	40	42,370	**Number of Loans Serviced**
0	156	351	921	907	424	285	1- to 4-unit Mortgage Loans
							Income Property Loans
3,767	6,828	4,436	8,097	2,264	65	4,472	**Number of Loans Closed**
0	6	16	62	39	31	15	1- to 4-unit Mortgage Loans(In-House)
1,821	4,578	1,978	6,829	1,171	0	2,594	Income Property Loans(In-House)
0	3	34	4	0	56	12	1- to 4-unit Purchased Production
							Income Property Purchased Production
10	18	13	21	8	2	13	No. of Offices-Beginning
11	19	13	24	8	3	13	No. of Offices-End
64	31	39	14	15	10	173	Number of Firms Reporting

BALANCE SHEET 1987 — AVERAGE FIRM
By Type of Ownership

Table 4.06

	Bank Holding Company Controlled	S&L Subsidiary	Privately Held	All Others	All Reporting Firms	Your Firm
			(Dollars in Thousands)			
	$ 1,357	$ 2,563	$ 1,377	$ 4,950	$ 2,244	
	2,273	854	779	17,194	4,312	
	$ 7,349	$ 7,858	$ 1,988	$ 19,270	$ 7,972	
	$ 70,019	$ 45,473	$ 20,631	$ 94,071	$ 54,653	
	696	568	438	1,168	679	
	(45)	67	(10)	(28)	(11)	
	69,278	44,972	20,184	92,876	53,963	
	3,045	182	70	1,317	1,284	
	33,385	7,276	2,038	6,735	13,993	
	0	0	44	0	14	
	2,233	59	496	889	1,053	
	107,941	52,489	22,831	101,816	70,307	
	$ 5,536	$ 936	$ 651	$ 9,661	$ 3,950	
	$ 124,456	**$ 64,700**	**$ 27,626**	**$ 152,891**	**$ 88,785**	
	$ 1,892	$ 2,322	$ 1,207	$ 4,409	$ 221	
	150	810	160	173	276	
	958	809	17	5,060	1,396	
	2,291	1,772	457	6,182	2,345	
	69,321	23,318	4,908	76,539	42,307	
	13,858	16,491	2,905	39,781	15,706	
	2,740	2,535	583	9,224	3,229	
	$ 1,606	$ 3,752	$ 174	$ 1,929	$ 1,604	
	$ 74,613	**$ 29,029**	**$ 6,751**	**$ 92,363**	**$ 48,544**	
	$ 199,069	**$ 93,729**	**$ 34,377**	**$ 245,254**	**$ 137,329**	
	$ 115,288	$ 44,646	$ 2,241	$ 73,358	$ 59,587	
	13,000	11,124	20,644	82,418	27,890	
	200	11,253	315	9,053	3,854	
	4,259	2,905	1,509	4,996	3,294	
	$ 5,806	$ 3,144	$ 2,831	$ 13,634	$ 5,848	
	$ 138,553	**$ 73,072**	**$ 27,540**	**$ 183,459**	**$ 100,473**	
	$ 44,959	**$ 6,263**	**$ 2,546**	**$ 20,110**	**$ 20,190**	
	$ 483	$ 577	$ 207	$ 3,601	$ 991	
	8,294	12,508	858	35,278	11,719	
	$ 6,780	$ 1,310	$ 3,226	$ 2,806	$ 3,956	
	$ 15,557	**$ 14,394**	**$ 4,291**	**$ 41,685**	**$ 16,666**	
	$ 199,069	**$ 93,729**	**$ 34,377**	**$ 245,254**	**$ 137,329**	
	$ 2,655,308	$ 2,005,105	$ 1,016,042	$ 4,628,112	$ 2,392,031	
	76,788	263,670	8,910	30,419	80,511	
	$ 2,841	$ 7,212	$ 1,230	$ 4,298	$ 3,391	
	$ 347,968	$ 365,664	$ 182,267	$ 665,729	$ 358,194	
	89,554	11,329	47,693	49,245	55,014	
	188,846	176,006	43,195	419,374	183,723	
	$ 938	$ 835	$ 27,262	$ 13,481	$ 11,456	
			(Number of Loans)			
	49,364	39,412	15,223	78,808	42,370	
	445	194	88	423	285	
	4,572	4,357	2,306	8,065	4,472	
	23	11	9	15	15	
	2,716	2,423	751	5,656	2,594	
	22	0	10	8	12	
	14	10	7	22	13	
	15	12	6	24	13	
	56	31	54	32	173	

SELECTED RATIOS - 1987

Table		Page
5.01	By Millions of Dollars of Total Mortgage Originations (In-House and Purchased)	54
5.02	By Percent of 1- to 4-Unit Purchased Production to Total 1- to 4-Unit Production	55
5.03	By Millions of Dollars of Mortgage Loans Serviced	56
5.04	By Percent of Income Property Loans Closed to Total Loans Closed	57
5.05	By Percent of Income Property Loans Serviced to Total Loans Serviced	58
5.06	By Type of Ownership	59

Table 5.01

SELECTED RATIOS — 1987

By Millions of Dollars of Total Mortgage Originations (In-House and Purchased)

Under $100	$100 to $199.9	$200 to $299.9	$300 to $499.9	$500 to $999.9	$1,000 and Over	All Reporting Firms	
							PROFITABILITY
0.283	0.270	0.437	0.367	0.374	0.421	0.396	Total Interest Income/Total Income
0.363	0.395	0.254	0.323	0.302	0.306	0.309	Loans Admin. Income/Total Income
0.283	0.259	0.229	0.233	0.250	0.238	0.242	Loans Orig. Income/Total Income
0.071	0.076	0.072	0.077	0.073	0.035	0.053	All Other Income/Total Income
0.417	0.432	0.353	0.378	0.342	0.285	0.323	Personnel Expenses/Total Income
0.582	0.566	0.647	0.626	0.658	0.715	0.678	Nonpersonnel Expenses/Total Expenses
0.194	0.164	0.346	0.241	0.275	0.315	0.290	Interest Expenses/Total Expenses
(0.090)	(0.105)	0.048	(0.091)	0.003	(0.024)	(0.025)	Net Operating Income/Total Expenses
(0.025)	0.182	(0.342)	0.494	24.825	(0.375)	(1.274)	Net Income/Net Operating Income
0.002	(0.019)	(0.016)	(0.045)	0.066	0.009	0.031	Net Income/Total Income
0.003	(0.035)	(0.038)	(0.071)	0.129	0.014	0.054	Net Income/Average Equity
0.001	(0.005)	(0.004)	(0.008)	0.014	0.001	0.006	Net Income/Average Assets
							LEVERAGE
0.055	0.046	0.075	0.045	0.060	0.055	0.055	Total Int. Exp./Avg. Total Liabilities
1.259	5.738	0.977	10.222	6.686	1.296	3.393	(Total Noncash Exp. + Net Income + Interest Exp.)/Interest Income
3.432	5.611	8.243	6.802	6.796	8.195	7.477	Debt/Average Equity
0.704	0.774	0.820	0.737	0.764	0.848	0.813	Debt/Average Assets
4.878	7.250	10.051	9.226	8.892	9.662	9.202	Average Assets/Average Equity
							ACTIVITY
0.055	0.046	0.075	0.045	0.060	0.055	0.055	Asset Turnover (Total Income/Avg. Assets)
39	43	53	56	56	68	61	Avg. Day All Loan in Inventory
31	37	45	45	48	60	53	Avg. Day 1- to 4-unit Loans in Inventory
13	0	39	9	4	7	9	Avg. Day Income Prop. Loans in Inventory
20	20	29	22	24	44	33	Number of Loan Closed/Orig. Employee
446	503	470	572	558	561	543	Number of Loans Serv./Loan Admin. Empl.
$ 1,601,455	$ 1,589,705	$ 2,557,850	$ 1,830,983	$ 2,343,277	$ 2,415,387	$ 2,242,957	$ Amt. of Loans Closed/Orig. Employee
24,686,875	23,594,875	26,502,452	29,693,852	33,734,587	31,285,863	30,278,873	$ Amt. of Loans Serv./Loan Admin. Empl.
226,604	223,563	428,426	392,087	418,372	643,162	499,378	Total Assets/Employees
65,774	61,916	105,522	79,847	104,807	113,389	100,913	Total Income/Employees
71,717	68,429	100,443	87,112	104,527	116,063	103,382	Total Expenses/Employees
$ 29,925	$ 29,571	$ 35,417	$ 32,971	$ 35,707	$ 33,083	$ 33,342	Personnel Expenses/Employees
							LIQUIDITY
0.053	0.045	0.023	0.029	0.029	0.021	0.025	Cash/Current Assets
0.072	0.131	0.021	0.197	0.022	0.026	0.049	Marketable Securities/Current Assets
0.081	0.055	0.054	0.079	0.086	0.101	0.090	Receivables/Current Assets
0.770	0.734	0.895	0.662	0.806	0.803	0.792	Inventory/Current Assets
0.024	0.035	0.008	0.033	0.058	0.048	0.044	Other Current Assets/Current Assets
0.934	0.929	1.007	1.031	0.826	0.862	0.884	Current Assets/Current Liabilities
0.714	0.773	0.873	0.727	0.701	0.587	0.647	Current Assets/Total Assets
0.286	0.227	0.127	0.273	0.299	0.413	0.353	Noncurrent Assets/Total Assets
$ (604,000)	$ (1,580,000)	$ 318,000	$ 2,072,000	$(22,652,000)	$(50,407,000)	$(11,688,000)	Current Assets-Current Liabilities
39	26	27	25	29	27	173	Number of Firms Reporting

SELECTED RATIOS — 1987

By Percent of 1- to 4-Unit Purchased Production to Total 1- to 4-Unit Production

Table 5.02

	0% All In-House	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 99.9%	100% Purchased Production	All Reporting Firms	Your Firm
	0.307	0.509	0.445	0.392	0.361	0.000	0.399	
	0.286	0.254	0.273	0.236	0.466	1.026	0.310	
	0.338	0.187	0.233	0.323	0.125	0.000	0.239	
	0.069	0.049	0.044	0.049	0.048	(0.026)	0.052	
	0.395	0.279	0.371	0.281	0.310	0.226	0.320	
	0.605	0.721	0.629	0.721	0.690	0.774	0.680	
	0.222	0.389	0.304	0.286	0.262	0.092	0.292	
	(0.041)	(0.017)	0.010	(0.065)	0.004	(0.124)	(0.025)	
	0.003	(3.695)	15.949	0.804	8.364	(0.573)	(1.148)	
	0.000	0.062	0.161	(0.052)	0.033	0.071	0.029	
	0.000	0.135	0.290	(0.083)	0.044	0.080	0.050	
	0.000	0.010	0.035	(0.009)	0.006	0.026	0.005	
	0.044	0.066	0.065	0.053	0.052	0.038	0.056	
	1.440	1.663	1.668	5.681	5.899	6.281	3.386	
	8.088	12.130	6.966	6.871	5.129	1.839	7.505	
	0.801	0.925	0.834	0.761	0.745	0.591	0.814	
	10.094	13.118	8.351	9.030	6.883	3.109	9.224	
	0.044	0.066	0.065	0.053	0.052	0.038	0.056	
	50	57	61	60	105	0	62	
	45	55	48	53	74	0	53	
	6	37	0	11	5	0	12	
	28	23	25	72	17	0	33	
	505	522	529	490	617	669	548	
	$ 2,599,161	$ 2,039,419	$ 1,946,990	$ 2,878,054	$ 1,325,204	$ 0	$ 2,191,814	
	31,620,457	26,887,493	28,722,667	31,497,070	29,875,507	27,249,130	29,912,585	
	404,745	701,200	398,916	576,019	433,295	277,665	501,066	
	86,049	118,227	89,843	115,465	94,247	109,175	100,606	
	89,598	120,196	88,939	122,958	93,881	122,725	103,150	
	$ 35,373	$ 33,504	$ 33,008	$ 34,564	$ 29,145	$ 27,760	$ 33,042	
	0.028	0.017	0.029	0.018	0.036	0.295	0.025	
	0.094	0.024	0.008	0.011	0.097	0.000	0.048	
	0.047	0.050	0.068	0.129	0.141	0.620	0.090	
	0.785	0.857	0.781	0.833	0.684	0.000	0.792	
	0.046	0.052	0.114	0.009	0.042	0.085	0.044	
	1.005	0.856	0.883	0.934	0.731	0.497	0.883	
	0.809	0.459	0.725	0.780	0.556	0.319	0.646	
	0.191	0.541	0.275	0.220	0.444	0.681	0.354	
	$ 309,000	$(14,056,000)	$(10,043,000)	$(16,557,000)	$(31,247,000)	$(17,896,000)	$(12,315,000)	
	55	35	24	18	32	1	165	

Table 5.03

SELECTED RATIOS — 1987
By Millions of Dollars of Mortgage Loans Serviced

Under $200	$200 to $499.9	$500 to $999.9	$1,000 to $1,999.9	$2,000 to $4,999.9	$5,000 and Over	All Reporting Firms	
							PROFITABILITY
0.363	0.296	0.452	0.336	0.360	0.422	0.396	Total Interest Income/Total Income
0.133	0.230	0.221	0.298	0.336	0.324	0.309	Loans Admin. Income/Total Income
0.402	0.361	0.263	0.276	0.230	0.224	0.242	Loans Orig. Income/Total Income
0.102	0.113	0.064	0.085	0.073	0.030	0.053	All Other Income/Total Income
0.374	0.456	0.366	0.404	0.350	0.276	0.323	Personnel Expenses/Total Income
0.627	0.548	0.638	0.596	0.649	0.724	0.678	Nonpersonnel Expenses/Total Expenses
0.239	0.224	0.319	0.249	0.262	0.310	0.290	Interest Expenses/Total Expenses
(0.338)	(0.028)	(0.107)	0.038	0.036	(0.041)	(0.025)	Net Operating Income/Total Expenses
0.196	(1.546)	1.075	2.933	1.503	0.091	(1.274)	Net Income/Net Operating Income
(0.066)	0.043	(0.115)	0.111	0.054	(0.004)	0.031	Net Income/Total Income
(0.149)	0.085	(0.228)	0.187	0.104	(0.006)	0.054	Net Income/Average Equity
(0.007)	0.012	(0.023)	0.024	0.011	(0.001)	0.006	Net Income/Average Assets
							LEVERAGE
0.036	0.065	0.070	0.053	0.050	0.056	0.055	Total Int. Exp./Avg. Total Liabilities
1.476	1.299	1.714	10.902	6.877	1.312	3.393	(Total Noncash Exp. + Net Income + Interest Exp.)/Interest Income
15.809	5.487	8.209	5.380	7.522	7.694	7.477	Debt/Average Equity
0.785	0.787	0.817	0.703	0.783	0.845	0.813	Debt/Average Assets
20.149	6.975	10.049	7.648	9.604	9.110	9.202	Average Assets/Average Equity
							ACTIVITY
0.036	0.065	0.070	0.053	0.050	0.056	0.055	Asset Turnover (Total Income/Avg. Assets)
44	44	63	51	60	66	61	Avg. Day All Loan in Inventory
37	35	55	49	51	57	53	Avg. Day 1- to 4-unit Loans in Inventory
14	3	68	1	6	7	9	Avg. Day Income Prop. Loans in Inventory
25	22	26	24	23	45	33	Number of Loan Closed/Orig. Employee
295	362	455	505	537	586	543	Number of Loans Serv./Loan Admin. Empl.
$ 1,734,024	$ 1,773,517	$ 2,031,404	$ 2,192,813	$ 2,411,927	$ 2,293,280	$ 2,242,957	$ Amt. of Loans Closed/Orig. Employee
32,067,800	19,198,471	23,486,677	28,775,796	31,030,949	32,151,897	30,278,873	$ Amt. of Loans Serv./Loan Admin. Empl.
445,039	222,173	423,148	319,488	441,529	631,642	499,378	Total Assets/Employees
60,039	67,778	91,077	84,756	98,865	114,679	100,913	Total Income/Employees
80,314	69,642	100,782	81,541	95,292	119,433	103,382	Total Expenses/Employees
$ 30,039	$ 31,753	$ 36,880	$ 32,932	$ 33,368	$ 32,975	$ 33,342	Personnel Expenses/Employees
							LIQUIDITY
0.034	0.045	0.019	0.038	0.032	0.019	0.025	Cash/Current Assets
0.510	0.176	0.020	0.020	0.016	0.041	0.049	Marketable Securities/Current Assets
0.035	0.080	0.031	0.085	0.078	0.115	0.090	Receivables/Current Assets
0.412	0.676	0.916	0.840	0.849	0.754	0.792	Inventory/Current Assets
0.009	0.023	0.015	0.017	0.025	0.072	0.044	Other Current Assets/Current Assets
1.751	0.995	0.956	1.001	0.897	0.809	0.884	Current Assets/Current Liabilities
0.904	0.822	0.809	0.839	0.748	0.538	0.647	Current Assets/Total Assets
0.096	0.178	0.191	0.161	0.252	0.462	0.353	Noncurrent Assets/Total Assets
$ 8,801,000	$ (78,000)	$ (2,235,000)	$ 55,000	$(12,933,000)	$(74,570,000)	$(11,688,000)	Current Assets-Current Liabilities
24	27	35	30	34	23	173	Number of Firms Reporting

SELECTED RATIOS — 1987

By Percent of Income Property Loans Closed to Total Loans Closed

Table 5.04

	0% All Residential	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 99.9%	100% Income Property	All Reporting Firms	Your Firm
	0.421	0.326	0.385	0.319	0.527	0.033	0.396	
	0.299	0.341	0.284	0.414	0.247	0.185	0.309	
	0.225	0.280	0.302	0.168	0.200	0.584	0.242	
	0.055	0.054	0.026	0.099	0.026	0.199	0.053	
	0.318	0.361	0.349	0.331	0.175	0.635	0.323	
	0.682	0.643	0.651	0.669	0.825	0.365	0.678	
	0.309	0.279	0.234	0.252	0.386	0.013	0.290	
	(0.029)	0.088	(0.039)	(0.049)	(0.174)	0.078	(0.025)	
	(1.749)	2.305	1.051	0.788	0.862	0.132	(1.274)	
	0.050	0.202	(0.041)	(0.039)	(0.150)	0.010	0.031	
	0.094	0.364	(0.051)	(0.067)	(0.352)	0.030	0.054	
	0.009	0.044	(0.008)	(0.008)	(0.020)	0.007	0.006	
	0.057	0.056	0.046	0.058	0.060	0.008	0.055	
	1.627	2.077	8.872	11.467	0.679	2.158	3.393	
	8.978	5.867	4.776	5.663	14.523	1.466	7.477	
	0.869	0.713	0.737	0.717	0.819	0.337	0.813	
	10.329	8.228	6.480	7.895	17.743	4.352	9.202	
	0.057	0.056	0.046	0.058	0.060	0.008	0.055	
	68	52	60	69	41	5	61	
	54	40	51	75	88	0	53	
	146	0	10	2	8	2	9	
	40	30	24	16	32	1	33	
	575	604	471	530	400	57	543	
	$ 1,961,515	$2,565,461	$ 2,179,321	$ 1,932,711	$ 7,916,880	$ 10,069,440	$ 2,242,957	
	29,708,426	31,921,884	29,649,236	28,094,237	30,705,750	227,599,000	30,278,873	
	545,947	362,967	440,787	358,692	1,143,446	113,818	499,378	
	101,571	95,815	94,190	92,170	172,959	138,909	100,913	
	104,490	87,428	97,893	96,715	203,027	128,091	103,382	
	$ 33,206	$ 31,560	$ 34,134	$ 32,054	$ [illegible],450	$ 81,333	$ 33,342	
	0.023	0.027	0.036	0.037	0.003	0.244	0.025	
	0.069	0.022	0.020	0.052	0.022	0.160	0.049	
	0.106	0.052	0.089	0.117	0.024	0.137	0.090	
	0.769	0.853	0.755	0.765	0.947	0.397	0.792	
	0.033	0.046	0.100	0.029	0.005	0.062	0.044	
	0.854	0.914	0.953	0.832	0.922	1.783	0.884	
	0.570	0.686	0.785	0.680	0.862	0.729	0.647	
	0.430	0.314	0.215	0.320	0.138	0.271	0.353	
	$(13,164,000)	$(5,675,000)	$(12,469,000)	$(15,325,000)	$(18,575,000)	$ 1,203,000	$(11,688,000)	
	104	27	12	15	7	8	173	

Table 5.05

SELECTED RATIOS — 1987

By Percent of Income Property Loans Serviced to Total Loans Serviced

0% All Residential	Less than 5%	5% to 14.9%	15% to 29.9%	30% to 89.9%	90% to 100%	All Reporting Firms	
							PROFITABILITY
0.439	0.391	0.378	0.344	0.469	0.025	0.396	Total Interest Income/Total Income
0.228	0.336	0.362	0.346	0.287	0.224	0.309	Loans Admin. Income/Total Income
0.278	0.226	0.204	0.251	0.217	0.499	0.242	Loans Orig. Income/Total Income
0.055	0.047	0.056	0.059	0.020	0.252	0.053	All Other Income/Total Income
0.323	0.312	0.351	0.343	0.221	0.589	0.323	Personnel Expenses/Total Income
0.677	0.690	0.649	0.657	0.779	0.411	0.678	Nonpersonnel Expenses/Total Expenses
0.340	0.294	0.284	0.210	0.323	0.029	0.290	Interest Expenses/Total Expenses
(0.025)	(0.003)	0.041	(0.089)	(0.152)	0.127	(0.025)	Net Operating Income/Total Expenses
(0.375)	(47.550)	2.557	0.982	0.926	0.438	(1.274)	Net Income/Net Operating Income
0.009	0.161	0.104	(0.087)	(0.141)	0.055	0.031	Net Income/Total Income
0.019	0.287	0.204	(0.096)	(0.288)	0.106	0.054	Net Income/Average Equity
0.002	0.032	0.022	(0.017)	(0.020)	0.036	0.006	Net Income/Average Assets
							LEVERAGE
0.059	0.058	0.059	0.043	0.053	0.017	0.055	Total Int. Exp./Avg. Total Liabilities
1.519	1.985	1.598	16.178	0.715	3.971	3.393	(Total Noncash Exp. + Net Income + Interest Exp.)/Interest Income
11.152	7.474	6.549	4.134	11.343	1.530	7.477	Debt/Average Equity
0.918	0.827	0.718	0.719	0.792	0.521	0.813	Debt/Average Assets
12.145	9.039	9.118	5.748	14.313	2.936	9.202	Average Assets/Average Equity
							ACTIVITY
0.059	0.058	0.059	0.043	0.053	0.017	0.055	Asset Turnover (Total Income/Avg. Assets)
59	67	62	65	58	4	61	Avg. Day All Loan in Inventory
53	50	45	63	80	0	53	Avg. Day 1- to 4-unit Loans in Inventory
0	76	3	9	9	1	9	Avg. Day Income Prop. Loans in Inventory
27	60	24	19	22	4	33	Number of Loan Closed/Orig. Employee
466	658	597	467	493	52	543	Number of Loans Serv./Loan Admin. Empl.
$ 2,276,773	$ 2,102,294	$ 2,025,155	$ 2,007,030	$ 3,416,019	$ 9,539,115	$ 2,242,957	$ Amt. of Loans Closed/Orig. Employee
26,868,133	32,120,676	29,213,341	27,529,189	33,686,013	167,827,667	30,278,873	$ Amt. of Loans Serv./Loan Admin. Empl.
617,528	508,300	355,209	415,871	783,050	150,415	499,378	Total Assets/Employees
104,338	106,072	92,155	88,434	129,131	132,073	100,913	Total Income/Employees
106,897	106,434	88,410	96,310	148,789	115,366	103,382	Total Expenses/Employees
$ 34,538	$ 33,207	$ 31,043	$ 33,035	$ 32,819	$ 67,976	$ 33,342	Personnel Expenses/Employees
							LIQUIDITY
0.030	0.017	0.025	0.039	0.009	0.201	0.025	Cash/Current Assets
0.077	0.040	0.042	0.015	0.057	0.217	0.049	Marketable Securities/Current Assets
0.120	0.083	0.074	0.101	0.043	0.180	0.090	Receivables/Current Assets
0.760	0.807	0.762	0.787	0.885	0.351	0.792	Inventory/Current Assets
0.013	0.052	0.097	0.057	0.006	0.051	0.044	Other Current Assets/Current Assets
0.983	0.769	0.892	0.898	0.923	0.752	0.884	Current Assets/Current Liabilities
0.539	0.623	0.713	0.718	0.842	0.447	0.647	Current Assets/Total Assets
0.461	0.377	0.287	0.282	0.158	0.553	0.353	Noncurrent Assets/Total Assets
$ (1,133,000)	$(36,810,000)	$ (8,541,000)	$(21,533,000)	$(11,010,000)	$ (909,000)	$(11,688,000)	Current Assets-Current Liabilities
64	31	39	14	15	10	173	Number of Firms Reporting

SELECTED RATIOS — 1987
By Type of Ownership

Table 5.06

	Bank Holding Company Controlled	S&L Subsidiary	Privately Held	All Others	All Reporting Firms	Your Firm
	0.501	0.264	0.234	0.362	0.396	
	0.264	0.386	0.319	0.331	0.309	
	0.191	0.280	0.329	0.261	0.242	
	0.041	0.050	0.117	0.047	0.053	
	0.273	0.365	0.455	0.316	0.323	
	0.729	0.634	0.546	0.684	0.678	
	0.400	0.217	0.177	0.235	0.290	
	0.063	(0.011)	(0.068)	(0.129)	(0.025)	
	1.015	(0.201)	(0.920)	0.223	(1.274)	
	0.064	0.002	0.063	(0.029)	0.031	
	0.154	0.003	0.144	(0.036)	0.054	
	0.011	0.000	0.016	(0.005)	0.006	
	0.063	0.045	0.047	0.050	0.055	
	1.269	20.926	3.233	1.382	3.393	
	12.042	5.687	6.660	5.163	7.477	
	0.850	0.786	0.725	0.791	0.813	
	14.159	7.238	9.191	6.524	9.202	
	0.063	0.045	0.047	0.050	0.055	
	76	52	42	59	61	
	68	44	39	50	53	
	14	8	2	7	9	
	24	27	23	49	33	
	564	549	496	539	543	
	$ 2,262,811	$ 2,372,050	$ 2,248,932	$ 2,126,047	$ 2,242,957	
	29,834,921	27,467,192	32,775,548	31,483,755	30,278,873	
	666,017	388,917	243,809	492,478	499,378	
	122,550	85,245	73,624	97,783	100,913	
	114,779	86,216	78,652	110,444	103,382	
	$ 31,282	$ 31,481	$ 35,752	$ 34,924	$ 33,342	
	0.011	0.040	0.050	0.032	0.025	
	0.018	0.013	0.028	0.112	0.049	
	0.059	0.121	0.072	0.126	0.090	
	0.867	0.811	0.826	0.666	0.792	
	0.044	0.014	0.024	0.063	0.044	
	0.898	0.885	1.003	0.833	0.884	
	0.625	0.690	0.804	0.623	0.647	
	0.375	0.310	0.196	0.377	0.353	
	$(14,097,000)	$ (8,372,000)	$ 86,000	$(30,568,000)	$(11,688,000)	
	56	31	54	32	173	

MORTGAGE BANKING HISTORICAL TRENDS, 1983-1987

Table		Page
6.01	Comparative Income Statement, Average Firm	62
6.02	Income Statement, Average Firm	63
6.03	Comparative Balance Sheet, Average Firm	64
6.04	Balance Sheet, Average Firm	65
6.05	Selected Ratios	66

Table 6.01

COMPARATIVE INCOME STATEMENT — AVERAGE FIRM

1987 Average Firm	1986 Average Firm	1985 Average Firm	1984 Average Firm	1983 Average Firm	
					INCOME:
					Loan Administration
26.7 %	20.2%	26.4%	26.7%	23.1%	Servicing Fees-1st Mtg. Loans
0.6	0.1	0.2	0.1	0.1	Servicing Fees-Non-1st Mtg. Loans
3.5	3.2	4.4	5.1	3.6	Other Loan Admin. Income
30.8 %	**23.5%**	**31.0%**	**31.9%**	**26.8%**	**Loan Administration Income**
					Loan Origination
0.7 %	1.0%	1.9%	1.2%	2.4%	Brokerage Fees
5.0	12.2	4.4	4.1	5.3	Gain or (Loss) on Mtgs. Sold (Net)
4.9	6.1	4.4	3.6	6.2	FHA & VA 1% Fees, 1- to 4-unit
7.7	6.6	5.3	5.9	4.9	Conventional Fees, 1- to 4-unit
0.4	0.3	0.6	0.5	0.7	Multiunit Fees
1.3	1.0	1.6	1.6	1.0	Nonresidential Fees
0.5	1.2	2.3	2.4	2.0	Land Development & Const. Fees
3.6	2.7	2.4	2.3	3.5	All Other Loan Origination Income
24.1 %	**31.1%**	**22.9%**	**21.6%**	**26.0%**	**Loan Origination Income**
					Interest
29.3 %	27.0%	23.1%	22.6%	26.3%	Inventory of First Mortgages
0.0	N.C.	N.C.	N.C.	N.C.	Amortization of Deferred Orig. Fees/Cost
4.6	7.1	10.5	10.3	10.0	Construction Loans
5.6	7.0	6.1	6.4	4.7	Other Interest Income
39.5 %	**41.1%**	**39.7%**	**39.3%**	**41.0%**	**Interest Income**
(0.9)%	(0.6)%	(0.5)%	(0.9)%	(0.2)%	Net Gain (Loss) on Foreclosures
(0.9)	N.C.	N.C.	N.C.	N.C.	Permanent Mortgages
0.0	N.C.	N.C.	N.C.	N.C.	Construction & Development
0.8	1.0	1.2	1.5	1.4	Insurance Commissions
0.2	0.1	0.1	0.2	0.3	Property Management Income
0.3	0.3	1.0	1.2	1.6	Real Estate Commissions
4.9 %	3.3%	4.5%	5.0%	3.0%	Other Income
100.0 %	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**TOTAL INCOME**
					EXPENSES:
5.6 %	4.2%	5.0%	5.7%	5.6%	Personnel
12.9	15.2	13.6	13.1	12.7	Loan Administration
4.1	N.C.	N.C.	N.C.	N.C.	Loan Origination
1.5	N.C.	N.C.	N.C.	N.C.	Loan Production Officers
1.6	0.1	0.2	0.3	0.3	Warehousing/Marketing
0.2	1.4	1.8	1.9	2.3	Management
2.9	3.5	3.9	3.9	3.0	Directors' Fees
28.7	24.9	25.5	25.5	24.8	All Other Personnel
4.2	3.3	3.9	4.2	3.7	Total Direct Compensation
0.1	N.C.	N.C.	N.C.	N.C.	Employee Fringe Benefits
33.1 %	**28.2%**	**28.9%**	**29.7%**	**26.5%**	Education & Training
					Total Personnel Expenses
29.7 %	29.5%	27.6%	28.8%	27.1%	Nonpersonnel Expense
4.1	2.8	3.3	3.3	2.8	Interest Expense
2.6	1.9	2.1	2.0	1.6	Occupancy
1.3 %	1.0%	1.1%	1.1%	0.9%	Electronic Data Processing
					Other Equipment Rental
3.1 %	2.5%	2.9%	0.3%	2.7%	Office Supplies
1.5	1.4	1.3	1.4	1.4	Postage & Telephone
1.0	0.8	1.1	1.3	1.1	Other Office Supplies
0.4	0.3	0.4	0.5	0.5	Travel & Entertainment
0.6	0.4	0.5	0.5	0.4	Automobiles
1.6	0.7	1.3	1.1	0.9	Advertising
0.4 %	0.7%	1.0%	0.8%	1.0%	Loan Processing
					Brokerage Commissions
0.5 %	0.2%	0.2%	0.3%	0.3%	Commitment & Option Fees
1.1	1.3	1.1	0.1	0.7	GNMA Pools
1.0	0.8	0.9	0.9	0.8	Others
7.3	4.8	5.8	4.0	3.4	Legal & Auditing Fees
2.6	N.C.	N.C.	N.C.	N.C.	Amortization-Purchased Servicing
0.2	0.4	0.6	0.5	0.2	Servicing Expenses-Forecl. & REO
3.8	3.1	3.0	2.0	1.1	Real Estate & Property Management
0.3	N.C.	N.C.	N.C.	N.C.	Net Addition to Loan Loss Reserves
3.5	N.C.	N.C.	N.C.	N.C.	Construction & Development Loans
6.7	7.1	5.4	5.0	5.1	Permanent Loans
69.5	**59.7**	**59.6**	**57.5**	**52.0**	All Other Operating Expenses
102.5 %	**87.5%**	**88.7%**	**87.2%**	**80.3%**	**Total Nonpersonnel Expenses**
					TOTAL EXPENSES
(2.5)%	**12.5%**	**11.3%**	**12.8%**	**19.7%**	**Net Operating Income**
7.7 %	**0.4%**	**1.4%**	**1.3%**	**0.3%**	**Net Nonrecurring Gain (Loss)**
2.1 %	**5.9%**	**5.8%**	**6.0%**	**8.7%**	**Taxes on Income**
3.1 %	**7.1%**	**6.9%**	**8.0%**	**11.2%**	**NET INCOME**
173	180	163	177	167	Number of Firms Reporting

INCOME STATEMENT — AVERAGE FIRM

Table 6.02

	1987 Average Firm	1986 Average Firm	1985 Average Firm	1984 Average Firm	1983 Average Firm
			(Dollars in Thousands)		
	$ 7,419	$ 5,805	$ 5,178	$ 4,395	$ 3,513
	163	39	35	21	18
	984	919	859	845	554
	$ 8,566	**$ 6,763**	**$ 6,072**	**$ 5,261**	**$ 4,085**
	$ 208	$ 281	$ 363	$ 203	$ 371
	1,401	3,493	866	674	800
	1,347	1,754	864	595	944
	2,140	1,887	1,046	966	747
	119	97	125	76	108
	349	287	309	267	158
	152	351	445	400	301
	991	771	479	381	536
	$ 6,707	**$ 8,921**	**$ 4,497**	**$ 3,562**	**$ 3,965**
	$ 8,132	$ 7,748	$ 4,521	$ 3,722	$ 4,007
	13	N.C.	N.C.	N.C.	N.C.
	1,285	2,050	2,055	1,690	1,528
	1,558	2,005	1,190	1,060	709
	$ 10,988	**$ 11,803**	**$ 7,766**	**$ 6,472**	**$ 6,244**
	$ (251)	$ (161)	$ (100)	$ (147)	$ (29)
	(244)	N.C.	N.C.	N.C.	N.C.
	(7)	N.C	N.C.	N.C.	N.C.
	229	288	242	250	211
	66	42	24	27	42
	73	80	198	201	237
	$ 1,358	$ 949	$ 883	$ 819	$ 455
	$ 27,751	**$ 28,684**	**$ 19,583**	**$ 16,446**	**$ 15,208**
	$ 1,547	$ 1,207	$ 983	$ 934	$ 852
	3,584	4,353	2,655	2,149	1,925
	1,139	N.C.	N.C.	N.C.	N.C.
	442	N.C.	N.C.	N.C.	N.C.
	442	27	46	45	43
	42	389	353	315	348
	796	1,005	770	642	455
	7,957	7,115	4,900	4,186	3,758
	1,159	946	770	685	556
	38	N.C.	N.C.	N.C.	N.C.
	$ 9,169	**$ 8,061**	**$ 5,670**	**$ 4,871**	**$ 4,314**
	$ 8,240	$ 8,458	$ 5,402	$ 4,741	$ 4,120
	1,145	794	648	547	428
	729	549	416	333	250
	$ 356	$ 294	$ 211	$ 189	$ 139
	$ 856	$ 707	$ 576	$ 485	$ 405
	430	390	261	233	214
	288	225	219	215	160
	98	90	80	79	82
	166	101	97	86	66
	444	209	262	179	130
	$ 107	$ 197	$ 190	$ 124	$ 152
	$ 137	$ 53	$ 48	$ 49	$ 43
	318	345	220	178	102
	268	225	182	145	129
	2,018	1,385	1,141	663	512
	708	N.C.	N.C.	N.C.	N.C.
	49	102	111	88	29
	1,045	878	590	323	166
	76	N.C.	N.C.	N.C.	N.C.
	969	N.C.	N.C.	N.C.	N.C.
	1,871	2,026	1,054	822	772
	19,271	**17,028**	**11,708**	**9,479**	**7,899**
	$ 28,430	**$ 25,088**	**$ 17,377**	**$ 14,349**	**$ 12,212**
	$ (680)	**$ 3,596**	**$ 2,205**	**$ 2,097**	**$ 2,996**
	$ 2,123	**$ 109**	**$ 278**	**$ 206**	**$ 43**
	$ 577	**$ 1,682**	**$ 1,133**	**$ 982**	**$ 1,328**
	$ 866	**$ 2,023**	**$ 1,350**	**$ 1,321**	**$ 1,710**
	173	180	183	177	167

Table 6.03

COMPARATIVE BALANCE SHEET — AVERAGE FIRM

	1987 Average Firm	1986 Average Firm	1985 Average Firm	1984 Average Firm	1983 Average Firm
Cash (Except Escrows & Other Fiduciary Funds)	1.6%	1.5%	1.3%	1.9%	2.1%
Other Marketable Securities, At Cost	3.1	2.4	2.0	1.9	0.7
Receivables	5.8%	4.9%	5.1%	6.4%	4.7%
Inventory:					
First Mortgages, Principal Balances	39.8%	51.1%	41.0%	43.1%	51.1%
Premium (Discount)	0.5	0.6	0.6	1.0	1.6
Deferred Orig. fees/cost(Net of Amort.)	0.0	N.C.	N.C.	N.C.	
First Mortgages, At Cost	39.3	50.5	40.4	42.1	49.5
Land Loans, Disbursed	0.9	1.0	1.5	2.2	1.3
Construction Loans, Disbursed	10.2	12.2	20.5	18.1	18.4
Home Improvement Loans	0.0	0.0	0.3	0.2	0.0
Other Loans in Inventory	0.8	2.8	5.5	2.6	4.1
Total Inventory	51.2	66.5	68.2	65.2	73.3
Other Current Assets	2.9%	1.2%	3.0%	4.6%	2.8%
Current Assets	**64.6%**	**76.5%**	**79.6%**	**80.0%**	**83.6%**
Property, Equip., & Leasehold Improvements (Net)	1.6%	1.6%	2.1%	2.6%	2.4%
Land Held for Development	0.2	0.1	0.3	0.3	0.3
Noninterest Earning Loans	1.0	0.7	0.6	0.6	0.6
Real Estate Owned Through Foreclosure	1.7	1.5	1.6	1.4	1.3
Other Noncurrent Assets	30.8	19.9	16.2	15.4	12.2
Purchased servicing (Net of Amort.)	11.4	N.C.	N.C.	N.C.	N.C.
Unamortized excess servicing fees (Net)	2.4	N.C.	N.C.	N.C.	N.C.
Goodwill (Net of Amort.)	1.2%	N.C.	N.C.	N.C.	N.C.
Noncurrent Assets	**35.4%**	**23.5%**	**20.4%**	**20.0%**	**16.4%**
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Commercial Paper	43.4%	50.8%	54.2%	51.2%	46.9%
Notes Payable to Banks	20.3	20.6	19.1	18.8	26.4
Notes Payable to Others	2.8	0.9	1.8	2.2	1.4
Accounts Payable	2.4	3.4	1.8	2.3	2.8
Other Current Liabilities	4.3%	4.5%	4.7%	5.7%	4.8%
Current Liabilities	**73.2%**	**80.2%**	**81.6%**	**80.2%**	**82.3%**
Noncurrent Liabilities	**14.7%**	**10.5%**	**6.1%**	**6.1%**	**5.5%**
Common & Preferred Stock	0.7%	0.3%	0.4%	0.7%	0.1%
Paid in Capital	8.5	5.4	7.3	5.9	4.4
Retained Earnings	2.9%	3.6%	4.6%	7.1%	6.8%
Stockholders' Equity	**12.1%**	**9.3%**	**12.3%**	**13.7%**	**12.2%**
Total Liabilities & Equity	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Number of Firms Reporting	173	180	163	177	167

BALANCE SHEET — AVERAGE FIRM

Table 6.04

	1987 Average Firm	1986 Average Firm	1985 Average Firm	1984 Average Firm	1983 Average Firm
			(Dollars in Thousands)		
Cash (Except Escrows & Other Fiduciary Funds)	$ 2,244	$ 2,496	$ 1,440	$ 1,416	$ 1,440
Other Marketable Securities, At Cost	4,312	4,062	2,134	1,468	499
Receivables	$ 7,972	$ 8,251	$ 5,584	$ 4,826	$ 3,159
Inventory:					
First Mortgages, Principal Balances	$ 54,653	$ 85,994	$ 44,670	$ 32,676	$ 34,400
Premium (Discount)	679	941	695	753	1,072
Deferred Orig. fees/cost(Net of Amort.)	(11)	N.C.	N.C.	N.C.	N.C.
First Mortgages, At Cost	53,963	85,053	43,975	31,923	33,328
Land Loans, Disbursed	1,284	1,755	1,635	1,660	843
Construction Loans, Disbursed	13,993	20,508	22,340	13,731	12,394
Home Improvement Loans	14	22	305	174	5
Other Loans in Inventory	1,053	4,752	5,961	1,988	2,756
Total Inventory	70,307	112,090	74,216	49,476	49,326
Other Current Assets	$ 3,950	$ 2,082	$ 3,305	$ 3,489	$ 1,875
Current Assets	**$ 88,785**	**$ 128,981**	**$ 86,679**	**$ 60,675**	**$ 56,299**
Property, Equip., & Leasehold Improvements (Net)	$ 2,221	$ 2,648	$ 2,280	$ 1,932	$ 1,616
Land Held for Development	276	235	306	196	223
Noninterest Earning Loans	1,396	1,161	702	491	399
Real Estate Owned Through Foreclosure	2,345	2,603	1,716	1,076	847
Other Noncurrent Assets	42,307	32,745	17,272	11,372	7,996
Purchased servicing (Net of Amort.)	15,706	9,673	N.C.	N.C.	N.C.
Unamortized excess servicing fees (Net)	3,229	N.C.	N.C.	N.C.	N.C.
Goodwill (Net of Amort.)	$ 1,604	N.C.	N.C.	N.C.	N.C.
Noncurrent Assets	**$ 48,544**	**$ 39,395**	**$ 22,278**	**$ 15,065**	**$ 11,080**
Total Assets	**$ 137,329**	**$ 168,376**	**$ 108,957**	**$ 75,740**	**$ 67,379**
Commercial Paper	$ 59,567	$ 85,475	$ 59,043	$ 38,783	$ 31,572
Notes Payable to Banks	27,890	34,757	20,855	14,252	17,812
Notes Payable to Others	3,854	1,450	1,974	1,657	941
Accounts Payable	3,294	5,685	1,919	1,723	1,909
Other Current Liabilities	$ 5,848	$ 7,520	$ 5,166	$ 4,293	$ 3,261
Current Liabilities	**$ 100,473**	**$ 134,887**	**$ 88,957**	**$ 60,708**	**$ 55,495**
Noncurrent Liabilities	**$ 20,190**	**$ 17,734**	**$ 6,614**	**$ 4,646**	**$ 3,703**
Common & Preferred Stock	$ 991	$ 624	$ 468	$ 601	$ 638
Paid in Capital	11,719	9,128	7,941	4,443	2,989
Retained Earnings	$ 3,956	$ 6,003	$ 4,976	$ 5,342	$ 4,554
Stockholders' Equity	**$ 16,666**	**$ 15,755**	**$ 13,386**	**$ 10,386**	**$ 8,181**
Total Liabilities & Equity	**$ 137,329**	**$ 168,376**	**$ 108,957**	**$ 75,740**	**$ 67,379**
Memoranda:					
Total Servicing Portfolio	$ 2,392,031	$ 1,849,826	$ 1,671,939	$ 1,340,328	$1,151,339
Servicing Escrows	80,511	19,219	15,166	12,172	9,982
Other Escrows & Fiduciary Funds	$ 3,391	$ 3,151	$ 4,349	$ 735	$ 385
1- to 4-unit Mortgage Loans Closed	$ 358,194	$ 363,830	$ 201,782	$ 162,516	$ 197,323
Income Property Loans Closed	55,014	64,266	70,377	47,517	34,868
1- to 4-unit Purchased Production	183,723	168,576	N.C.	N.C.	N.C.
Income Property Purchased Production	$ 11,456	$ 7,917	N.C.	N.C.	N.C.
			(Number of Loans)		
Number of Loans Serviced					
1- to 4-unit Mortgage Loans	42,370	36,327	35,150	31,438	26,970
Income Property Loans	285	273	323	265	225
Number of Loans Closed					
1- to 4-unit Mortgage Loans(In-House)	4,472	4,951	2,962	2,490	3,162
Income Property Loans(In-House)	15	27	24	18	38
1- to 4-unit Purchased Production	2,594	2,467	N.C.	N.C.	N.C.
Income Property Purchased Production	12	6	N.C.	N.C.	N.C.
No. of Offices-Beginning	13	10	10	10	7
No. of Offices-End	13	12	11	10	9
Number of Firms Reporting	173	180	163	177	167

Table 6.05

SELECTED RATIOS —AVERAGE FIRM

	1987 Average Firm	1986 Average Firm	1985 Average Firm	1984 Average Firm	1983 Average Firm
PROFITABILITY					
Total Interest Income/Total Income	0.396	0.411	0.397	0.394	0.411
Loans Admin. Income/Total Income	0.309	0.236	0.310	0.320	0.269
Loans Orig. Income/Total Income	0.242	0.311	0.230	0.217	0.261
All Other Income/Total Income	0.053	0.042	0.064	0.070	0.060
Personnel Expenses/Total Expenses	0.323	0.321	0.326	0.339	0.353
Nonpersonnel Expenses/Total Expenses	0.678	0.679	0.674	0.661	0.647
Interest Expenses/Total Expenses	0.290	0.337	0.311	0.330	0.337
Net Operating Income/Total Income	(0.025)	0.125	0.113	0.128	0.197
Net Income/Net Operating Income	(1.274)	0.563	0.612	0.630	0.571
Net Income/Total Income	0.031	0.071	0.069	0.080	0.112
Net Income/Average Equity	0.054	0.140	0.112	0.133	0.169
Net Income/Average Assets	0.006	0.014	0.014	0.019	0.024
LEVERAGE					
Total Int. Exp./Avg. Total Liabilities	0.055	0.059	0.056	0.067	0.057
(Total Noncash Exp. + Net Income + Interest Exp.)/Interest Expense	3.393	1.434	1.473	1.410	1.520
Debt/Average Equity	7.477	10.561	7.909	6.569	5.852
Debt/Average Assets	0.813	1.072	0.998	0.923	0.826
Average Assets/Average Equity	9.202	9.852	7.925	7.114	7.085
ACTIVITY					
Asset Turnover(Total Income/Avg. Assets)	0.055	0.201	0.204	0.232	0.212
Avg. Day All Loans in Inventory	61	59	50	51	45
Avg. Day 1- to 4-unit Loans in Inventory	53	82	74	68	58
Avg. Day Income Prop. Loans in Inventory	9	12	8	7	13
Number of Loans Closed/Orig. Employee	33	34	32	31	42
Number of Loans Serv./Loan Admin. Empl.	543	533	579	561	518
$ Amt. of Loans Closed/Orig. Employee	$ 2,242,957	$ 2,940,102	$ 2,813,535	$ 2,590,024	$ 3,208,795
$ Amt. of Loans Serv./Loan Admin. Empl.	30,278,873	26,809,072	26,966,758	23,514,520	21,723,377
Total Assets/Employees	499,378	625,933	502,106	411,630	396,347
Total Income/Employees	100,913	106,632	90,244	89,380	89,459
Total Expenses/Employees	103,382	93,264	80,078	77,984	71,835
Personnel Expenses/Employees	$ 33,342	$ 29,856	$ 26,009	$ 26,330	$ 25,228
LIQUIDITY					
Cash/Current Assets	0.025	0.019	0.017	0.023	0.026
Marketable Securities/Current Assets	0.049	0.031	0.025	0.024	0.009
Receivables/Current Assets	0.090	0.064	0.064	0.080	0.056
Inventory/Current Assets	0.792	0.869	0.856	0.815	0.876
Other Current Assets/Current Assets	0.044	0.016	0.038	0.058	0.033
Current Assets/Current Liabilities	0.884	0.956	0.974	0.999	1.014
Current Assets/Total Assets	0.647	0.766	0.796	0.801	0.836
Noncurrent Assets/Total Assets	0.353	0.234	0.204	0.199	0.164
Current Assets-Current Liabilities	$ (11,688,000)	$ (5,906,000)	$ (2,278,000)	$ (33,000)	$ 804,000
Number of Firms Reporting	173	180	163	177	167

APPENDIX A
Characteristics of the 1987 Sample

In January of 1988, financial statement survey questionnaires (Appendix C) were mailed to nearly 1,200 mortgage banking firms, all of the members of the Mortgage Bankers Association of America designated as mortgage bankers. A total of 173 firms provided usable responses representing a response rate of 14 percent.

Table A1 compares the 1987 sample with the 1986 sample on the basis of income property loans as a percent of total originations and type of ownership. Table A2 makes the same comparisons for the firms that responded to both surveys, the repeat reporters. The tables reveal that the 1987 sample had more firms that originated only one- to four-unit residential loans. Further, for the entire sample the proportion of firms that originated 50 percent or more income property loans was approximately one-half the number of firms in this category in 1986. For the repeat reporters, however, there was only a slight decrease from 11 firms in 1986 that originated at least 50 percent income property loans to 9 firms in 1987. Thus, with regard to comparisons of income property data between 1986 and 1987 the information on repeat reporters is more reliable.

With regard to type of ownership, the 1987 sample had significantly fewer firms that are subsidiaries of bank holding companies and significantly more firms that are subsidiaries of savings and loans. The number of privately held firms and other controlled subsidiaries increased modestly in 1987. These same changes in the distribution of firms in the sample by type of ownership was also experienced by the repeat reporters, although to a lesser extent.

Table A1

Characteristics of the 1986 and 1987 Samples

By Income Property Loans as a Percent of Total Loans Closed

	Total	0% All Residential	Less Than 10%	10% 24.9%	25% 49.9%	50% 99.9%	100% All Income Property
1987:							
Number	173	104	27	12	15	7	8
Percent	100.0%	60.1%	15.6%	6.9%	8.7%	4.0%	4.6%
1986:							
Number	180	102	23	17	15	11	12
Percent	100.0%	56.7%	12.8%	9.4%	8.3%	6.1%	6.7%

By Type of Ownership

	Total	Subsidiary of Bank Holding Company	Subsidiary of S & L	Privately Held	Other Controlled Subsidiary
1987:					
Number	173	56	31	54	32
Percent	100.0%	32.4%	17.9%	31.2%	18.5%
1986:					
Number	180	74	20	54	32
Percent	100.0%	41.1%	11.1%	30.0%	17.8%

Table A2

Characteristics of the 1986 and 1987 Repeat Reporters

By Income Property Loans as a Percent of Total Loans Closed

	Total	0% All Residential	Less Than 10%	10% 24.9%	25% 49.9%	50% 99.9%	100% All Income Property
1987: Number	76	42	11	7	7	4	5
Percent	100.0%	55.3%	14.5%	9.2%	9.2%	5.3%	6.6%
1986: Number	76	40	12	9	4	5	6
Percent	100.0%	52.6%	15.8%	11.8%	5.3%	6.6%	7.9%

By Type of Ownership

	Total	Subsidiary of Bank Holding Company	Subsidiary of S & L	Privately Held	Other Controlled Subsidiary
1987:					
Number	76	30	9	21	16
Percent	100.0%	39.5%	11.8%	27.6%	21.1%
1986:					
Number	76	32	8	21	15
Percent	100.0%	42.1%	10.5%	27.6%	19.7%

APPENDIX B

Return on average assets is a measure of the productivity of the firm's assets regardless of the manner in which those assets are funded. An inherent weakness in this ratio is that a firm with a low leverage ratio will have a higher return than a firm with a high leverage ratio because interest expense would be lower.

To correct for this problem, an alternative measure is Gross Return on Average Assets. Under this measure, interest expense net of taxes is added to net income and then divided by average assets. The amount of additional taxes that would have been paid had there been no interest expense is netted out to allow for comparison between firms and comparison over time. Escrow benefits should not be deducted from interest expense in the calculation since they have no effect on the capital structure of a firm.

A comparison of two hypothetical firms, shown in Table B1, will help explain these concepts. Firm 1 is the average 1987 firm while firm 2 is identical in every respect except that all assets are funded with equity and so that firm has zero interest expense. Thus, while both firms have the same total or gross income, firm 2 has higher net income and a much higher return on average assets.

To compute gross return on average assets it is necessary to compute the additional amount of tax owed by firm 2 due to the fact that interest expense is zero. In this example, that amount is $2,802 or 34 percent of interest expense. That amount is deducted from interest expense and the difference, $5,438, is added to net income. Thus, gross return on average assets is the same for both firms at 4.12 percent.

Table B1
Example
(all numbers in 000s)

	Firm 1	Firm 2
Average Assets	$152,853	$152,853
Total Income	$ 27,751	$ 27,751
Interest Expense	$ 8,240	$ 0
Noninterest Expense	$ 20,190	$ 20,190
Net Income Before Taxes	$ (680)	$ 7,561
Net Nonrecurring Gain (Loss)	$ 2,123	$ 2,123
Taxe	$ 577	$ 3,379
Net Income	$ 866	$ 6,305
Return on Average Assets	0.57%	4.12%
Interest Expense Net of Taxes	$ 5,438	0
Gross Return on Average Assets	4.12%	4.12%

Table B2 presents gross return on average assets for the average firm in the survey, for the repeat reporters, and for the five "high profit" firms for the years 1986 and 1987. Note that interest expense net of taxes was computed assuming a 34 percent marginal tax rate in 1987 and a 46 percent marginal tax rate in 1986. Gross return on average assets for the average firm in the survey was 4.75 percent in 1986 and fell to 4.12 percent in 1987. Levels were comparable for the repeat reporters. However, for the five "high profit" firms, gross return on average assets increased to 6.38 percent in 1987 from 5.55 percent in 1986.

Table B2

Gross Return on Average Assets: 1986 and 1987

	Survey Average		Repeat Reporters		Five "High Profit" Firms	
	1987	1986	1987	1986	1987	1986
Average Assets	$152,853	$138,667	$227,597	$196,564	$196,032	$186,292
Net Income	$ 866	$ 2,023	$ 354	$ 3,017	$ 6,590	$ 5,384
Return on Average Assets	0.57%	1.50%	0.16%	1.50%	3.40%	2.90%
Interest Expense	$ 8,240	$ 8,458	$ 12,304	$ 11,966	$ 8,979	$ 9,161
Interest Expense Net of Taxes	$ 5,438	$ 4,567	$ 8,134	$ 6,462	$ 5,926	$ 4,947
Gross Return on Average Assets	4.12%	4.75%	3.73%	4.82%	6.38%	5.55%

Mortgage Bankers Association of America

1987
MORTGAGE BANKING
FINANCIAL STATEMENTS
SURVEY

This survey has provided valuable information on the mortgage banking industry for the past 22 years. To continue that performance, please report, regardless of whether your firm had a good or bad year; we need consistent reporting to reflect accurately conditions in our industry. In order to provide a more timely record of costs associated with this industry, those costs associated with one- to four-unit residential lending, income property lending, and all other activity have been added to the Income Statement portion of the survey form. Please attempt to allocate properly income and expense by function. If allocation is not possible, please provide total figures in column 1.

PLEASE RETURN COMPLETED SURVEY FORM BY MAY 1, 1988.

SAMPLE

RETURN ORIGINAL TO:
Economics Department
Mortgage Bankers Association of America
1125 Fifteenth Street, N.W.
Washington, D.C. 20005

FOR SURVEY INFORMATION, CALL:
Laura R. Gorman
(202) 861-6591

FORM COMPLETED BY: _____
(Name, please print)

_____
(Department & Telephone Number, Including Area Code)

Confidential
MBA ED 4

MORTGAGE BANKING BALANCE SHEET

Identification Code

As of December 31, [1]1987 or _____, 1987[1]

Line	Account[2] Number	Title of Account	$ Amount in Thousands	DO NOT USE
		ASSETS		
1	1110	Cash (Exclude escrow & other fiduciary funds)	$	
2	1210	Other Marketable Securities, at cost		
3	1300	Receivables		
	....	[3] Inventory of:		
4	1410	[4] First Mortgages, Principal Balance		
5	1420	Less Discount on Mortgages (Premium)		
6	....	Deferred Origination fees/cost (Net of Amort.)		
7		First Mortgages, at cost		
8		1- to 4-unit residential, at cost		
9		Income property loans, at cost		
10		Other first mortgages, at cost		
11		Land Loans, amount disbursed		
12	1510	Construction Loans, amount disbursed		
13		Home Improvement Loans		
14	1530	Other Loans		
15		[5] All Other Current Assets		
16		Prop., Equip., & Leasehold Imp. (Net of Accum. Depr.)		
17		Land held for development		
18		Noninterest earning loans		
19		Real estate owned through foreclosure		
20		[6] Other Noncurrent Assets		
21		Purchased servicing (Net of Amort.)		
22		[7]Unamortized excess servicing fees (Net of Amort.)		
23		Goodwill (Net of Amort.)		
24		**TOTAL ASSETS**	$	
		LIABILITIES & NET WORTH		
25	....	Commercial Paper (Include Notes Payable to Parent)	$	
26	2110	Notes Payable, to Banks (Excluding Parent)		
27	2130	Notes Payable, to Others		
28	2210	Accounts Payable		
29	....	[8] All Other Current Liabilities		
30	2200	Noncurrent Liabilities		
	2700	Stockholders' Equity:		
31	....	Common and Preferred Stock, Issued & Outstanding		
32	2730	Paid in Capital		
33	2740	[9]Retained Earnings		
34		**TOTAL LIABILITIES & NET WORTH**	$	
35		**MEMORANDA:** Noncash Charges, Included in Expense		
		As Reported in Expense Section on right side of form	$	
36		Servicing Escrows		
37		Other Escrow & Fiduciary Funds		

LOAN PRODUCTION DURING REPORTING YEAR

		"In-House" Production		Purchased Production e.g. from Brokers/Correspondents	
		$ Amount in Thousands	Number of Loans	$ Amount in Thousands	Number of Loans
38	Total Loans Closed	$		$	
39	[10] Total First Mortgages				
40	[11]1- to 4-Unit Residential				
41	FHA/VA				
42	Total Conventional				
43	Fixed-Rate				
44	ARMS				
45	Income Property Loans				

LOANS SERVICED DURING REPORTING YEAR (Include Warehousing)

		$ Amount in Thousands	Number of Loans
46	Total Loans Serviced	$	
47	[12] First Mortgage Loans Serviced		
	1- to 4-Unit Residential Loans:		
48	Beginning of Period		
49	End of Period		
	Income Property Loans:		
50	Beginning of Period		
51	End of Period		

IS YOUR COMPANY:

- ☐ Part of a Bank Holding Company
- ☐ Service Corporation for S & L
- ☐ Other controlled subsidiary
- ☐ Privately held company
- ☐ Publicly held company
- ☐ Other

Number of offices as of Dec. 31, 1987 _____
Number of offices as of Dec. 31, 1986 _____

Rev. 1-88

MBA ED 5&8

MORTGAGE BANKING STATEMENT OF INCOME

For Year Ended December 31, 1987 or _____, 1987[1]

DOLLAR AMOUNT IN THOUSANDS

Confidential

Line	Account[2] Number	Title of Account	(Col 1) Total	(Col 2) 1- to 4-Unit Residential Loans Only Origination	(Col 3) 1- to 4-Unit Residential Loans Only Servicing	(Col 4) Income Property	(Col 5) All Other
	3100	**Loan Administration Income:**					
1		[3]Serv. Fees, 1st Mortgage Loans					
2		[4]Other Loan Servicing Fees					
3		[5]Other Loan Admin. Income					
	3200	**[6]Loan Origination Income:**					
4	3210	Broker Fees, Servicing Not Retained					
5	3250	Net Gain (or Loss) on Sale of Mortgages					
6		FHA-VA 1% Fees					
7		Conventional Fees					
8	3230	Multiunit Fees					
9		Nonresidential Fees					
10		Land Develop. & Construction Fees					
11		[7]All Other Loan Orig. Income					
	3300	**[8]Total Interest Income:**					
12		Inventory of 1st Mortgages					
13		Amortization of Deferred Origination fees/costs					
14		Construction Loans					
15		Other Interest Income					
		Net Gain (Loss) on Foreclosures:					
16	3552	Permanent Mortgages					
17	3551	Construction & Development Loans					
18	3400	Insurance Commissions					
19		Property Management					
20	3600	Real Estate Commissions					
21	3800	[9]All Other Operating Income					
22		**TOTAL GROSS INCOME**					
		[10]Personnel:	No. $	No. $	No. $	No. $	No. $
23		Loan Administration					
24		Loan Origination					
25		Loan Production Officers					
26		Warehousing/Marketing Employees					
27		[11]Management not classified above					
28		Directors					
29		[12]All Other and Clerical Employees					
30		**Total Direct Compensation**					
31		Employee Fringe Benefits					
32		Education & Training					
		Nonpersonnel:					
33		Total Interest Expense					
34	4130	Occupancy					
35	4160	E.D.P. Service Charge, Rentals, Depreciation					
36		Other Equipment Rental & Expenses					
	4170	Office Supplies & Expenses:					
37		Postage & Telephone					
38		Other Office Supplies					
39	4180	Travel & Entertainment					
40	4190	Automobiles					
41	4220	Advertising					
42	4230	[13]Loan Processing Expenses					
43	4240	Brokerage Commissions					
44		Commitment & Option Fees: GNMA Pools					
45		[14]Others					
46	4211-12	Legal and Auditing Fees					
47	4270	Amortization of Cost of Purchased Servicing					
48		[15]Servicing Expenses for Foreclosure and REO					
49		Property Management & Real Estate Expenses					
50		Net Addition to Loan Loss Reserves:					
51		Construction & Development Loans					
52		Permanent Loans					
53		[16]All Other Operating Expenses					
54		**TOTAL GROSS EXPENSES**					
55		**NET OPERATING INCOME**					
56		**[17]NET NONRECURRING GAIN (OR LOSS)**					
57	4400	**TAXES ON NET INCOME**					
58		**NET INCOME AFTER TAXES**					

SAMPLE

INSTRUCTIONS AND FOOTNOTES FOR STATEMENT OF INCOME

Origination for this survey includes the income and expense of producing, closing, marketing, and delivering a loan. Servicing such a loan, for income purposes, starts when the loan is sold to an investor.

1. If fiscal year is used, enter month and day of fiscal year-end on both statements. We would prefer December 31, 1987 date if possible.
2. For description of account see MBA's Suggested Chart of Accounts for Mortgage Banking Companies, revised May 1979.
3. Net of amortization of excess servicing fees.
4. Includes income derived from servicing of home improvement loans, consumer finance loans, second mortgages, and mobile home loans.
5. Any Account in 3100 series not shown separately, e.g., late charges and transfer fees.
6. If you merge construction loans into permanent mortgages, allocate the resulting income by assigning normal origination fees to appropriate type of permanent mortgages and the balance to construction loans. Do not include discounts.
7. All Other Loan Origination Income includes 3220, Conveyance, plus that portion of charges made to borrowers, 3240, other than the 1% fee paid under FHA and VA loans which is reported separately.
8. If a breakdown of Gross Interest Income is not available, then a total figure will suffice using the Other Interest Income line.
9. Include all items not listed separately above and not included below in "Net Nonrecurring Gain or Loss."
10. Allocate numbers of officers and employees and their salaries, bonuses, and commissions (Accounts 4111–4115) of functions indicated when the officer or employee is wholly, or for all practical purposes wholly, employed in performing one of these functions. See note below for lines 23 through 29.
11. Allocate the Treasurer and/or Controller function to Management not classified above, then distributing his/her salary in the appropriate column 2 through 5.
12. Includes Insurance Sales, Property Management, and Real Estate Sales personnel.
13. Includes expenses incurred for credit reports, photographs, and other outlays directly related to loan processing.
14. Includes commitment and option fees for FNMA and FHLMC.
15. Include nonreimbursed expenses such as interest, legal, principal writedowns, and VA no-bids.
16. Include in this item: Bad debt losses, if they have not been netted from the loan loss reserves line above.
17. Includes gain or loss on sales of capital assets (Account 3540), and from any other activities that are not a recurring part of your operations.

SAMPLE

Line Definitions

Line 21 — Firms that have developed their own method of allocating all other operating income to operating departments should use it here. For other firms, the following allocation procedure is suggested:

Account Number	Name of Account	Allocate To:
3400's	Insurance Commissions	Origination 1- to 4-Unit Loans (Column 2) or Income Property (Column 4) or All Other (Column 5)
3510	Appraisal Fees	Origination 1- to 4-Unit Loans (Column 2) or Income Property (Column 4) or All Other (Column 5)
3530	Dividends	All Other (Column 5) except dividends on FNMA stock that should be allocated to Origination—1- to 4-Unit Loans (Column 2)
3540	Sale of Capital Assets	All Other (Column 5) except gain, or loss on FNMA stock that should be allocated to Origination—1- to 4-Unit Loans (Column 2)

Lines 23 through 29 — Compensation of an employee is to be charged to a particular activity if the employee spends at least 75 percent of his time performing that function. Otherwise, an employee's compensation is to be distributed among his various jobs according to the best estimate of the time that he spends at each activity. Also indicate the number of full-time equivalent employees per expense category, as well as by functional activity.

Line 47 — Amortize the cost of purchased servicing on a straight line, eight-year basis for this report. This does not imply a change in your present accounting procedures; rather it is an arbitrary standard to be used for this report to maintain comparability among firms. To the extent that this differs from your own accounting figures, your Line 55 will differ from your own Net Operating Income.

(Continued)

INSTRUCTIONS AND FOOTNOTES FOR BALANCE SHEET

1. If fiscal year is used, enter month and day of fiscal year-end on both statements. We would prefer December 31, 1987 date if possible.

2. For description of account see MBA's Suggested Chart of Accounts for Mortgage Banking Companies, revised May 1979.

3. Includes unsold and sold-but-undelivered mortgages. Mortgages or loans held as investments on own account should be excluded from "Inventory" and included in "Other Noncurrent Assets."

4. Report first mortgages principal balance (line 4) less the discount or premium (line 5) plus deferred origination fees/costs (line 6), the net equalling first mortgages at cost (line 7). Distribute the amount indicated on line 7 to equal lines 8, 9, and 10.

5. Any Account in 1000 series not shown separately, e.g., prepaid expenses. Cash advanced for GNMA pools should be shown.

6. All Accounts in 1200 (marketable securities not held for inventory), 1300 (receivables), or 1400 (mortgage loan inventory) series not shown should be included in this line item as well as the items on lines 21 through 23 shown separately. Line 20 may be larger than the sum of line 21 through line 23.

7. The difference between the sales price and what would be obtained if a normal servicing fee had been expected, less any gain or loss accrued at that date.

8. Any Account in 2100 and 2200 series not shown separately, e.g., taxes payable, accrued liabilities. Reserves against GNMA pools should be shown.

9. Equals Net Earnings After Taxes reported on the Statement of Earnings less dividends paid during the year.

10. Your firm is considered to have originated a first mortgage if it has performed the work even though the documents are delivered to investors before final closing.

11. Allocate 1- to 4-Unit Residential (line 40) to equal FHA/VA (line 41) plus Total Conventional (line 42).

12. Include "Inventory, Temporarily Serviced for Own Account," and other mortgages that may not yet be earning servicing income. Exclude mortgages held for investment. One- to Four-Unit Residential end of period plus Income Property loans serviced end of period equals first mortgage loans serviced.

SAMPLE

INSTRUCTIONS FOR STATEMENT OF INCOME (CONTINUED)

Column Definitions

Column 1 — This column is the sum of Columns 2, 3, 4, and 5, and represents the organization's total income, or expense for each account listed.

Column 2 — This column should reflect only income, or expenses relating directly to the origination (production, warehousing and marketing) of 1- to 4-unit residential loans, including the appropriate allocation of home office expenses.

Column 3 — This column should reflect only income, or expenses relating directly to the servicing of 1- to 4-unit residential loans, including the appropriate allocation of home office expenses.

Column 4 — Income and expense relating directly to income property operations (i.e., origination and servicing of multi-unit loans, commercial property, and farm loans) should be reported in this column, including the appropriate allocation of home office expenses.

Column 5 — Only activities that are not directly related to specific lending operations (i.e., real estate sales, property management, insurance sales, etc.) should be reported in this column.

All income and expenses that can be easily determined and identified with 1- to 4-unit residential loan operations are to be charged to 1- to 4-unit residential loans—Origination (Column 2), or Servicing (Column 3). All income and expenses that correspond directly to income property lending should be entered in Column 4. Only income and expenses that are of a non-lending nature should be entered in Column 5.

NOTES

Figures for 1987 represent the actual experience of 173 of the mortgage banking members surveyed.

"Servicing Volume" is as of December 31, 1987, and "Volume of Loans Closed" covers the calendar year ending December 31, 1987.

Commercial Paper includes notes payable to parent.

"Average Day All Loans in Inventory" in Table 5.00 series was calculated using total mortgage loans closed during 1987 divided by average of 1987 beginning and ending balances of mortgage loan inventories, principal balances.

"Average Day 1- to 4-Unit Loans in Inventory" and "Average Day Income Property Loans in Inventory" in Table 5.00 series were calculated by dividing the respective volume of loans closed during 1987 by the respective volume of loans in inventory at the end of 1987 and then dividing 360 days by that quotient.

Due to rounding, parts may not sum to totals.

N.C. – figures are not calculated.

Mortgage Bankers
Association of America

1125 Fifteenth Street, N.W.
Washington, D.C. 20005

Copyright 1989 by MBA